



UNITED WAY OF ADDISON COUNTY, INC.

**FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

JUNE 30, 2021 AND 2020

**JMM & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS**

UNITED WAY OF ADDISON COUNTY, INC.

**FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

JUNE 30, 2021 AND 2020

UNITED WAY OF ADDISON COUNTY, INC.

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VT License #92-0000171

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
United Way of Addison County, Inc.
Middlebury, Vermont

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our 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 audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

JMM & ASSOCIATES ■ CERTIFIED PUBLIC ACCOUNTANTS

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Opinion

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

Other Matter

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Fiscal Agent Activity on page 26 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements, and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is stated fairly in all material aspects in relation to the financial statements as a whole.

A handwritten signature in cursive script that reads "Jmm & Associates". The signature is written in dark ink and is positioned above the date.

March 28, 2022

UNITED WAY OF ADDISON COUNTY, INC.

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2021 AND 2020

ASSETS

	<u>2021</u>	<u>2020</u>
CURRENT ASSETS		
Cash - operating	\$ 274,369	\$ 466,295
Cash - fiscal agent funds	20,744	25,988
Pledges receivable - net of allowance	99,838	128,968
Grants receivable	23,340	-
Accounts receivable	252	4,598
Prepaid expenses	6,165	5,432
	<u>424,708</u>	<u>631,281</u>
TOTAL CURRENT ASSETS		
	<u>424,708</u>	<u>631,281</u>
PROPERTY AND EQUIPMENT		
Land	-	80,000
Building and building improvements	18,326	215,267
Office equipment and furniture	18,870	26,329
	<u>37,196</u>	<u>321,596</u>
Less accumulated depreciation	<u>(8,721)</u>	<u>(94,497)</u>
TOTAL PROPERTY AND EQUIPMENT	<u>28,475</u>	<u>227,099</u>
OTHER ASSETS		
Investments	1,380,249	973,665
Beneficial interest with Vermont Community Foundation	205,546	167,223
Beneficial interest - fiscal agent funds	56,940	36,490
TOTAL OTHER ASSETS	<u>1,642,735</u>	<u>1,177,378</u>
TOTAL ASSETS	<u>\$ 2,095,918</u>	<u>\$ 2,035,758</u>

See accompanying notes.

LIABILITIES AND NET ASSETS

	2021	2020
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 15,862	\$ 25,369
Accrued payroll and related costs	22,457	18,525
Deferred revenue	13,477	200,788
Paycheck Protection Program loan	-	71,300
Designated donations payable	29,978	36,220
Allocations and grants payable	212,846	215,669
Current portion of long term debt	-	7,000
TOTAL CURRENT LIABILITIES	294,620	574,871
 LONG-TERM LIABILITIES		
Fiscal agent funds	77,684	62,478
Annuity payable	2,901	3,589
Long-term debt, net of current portion	-	84,794
TOTAL LONG-TERM LIABILITIES	80,585	150,861
TOTAL LIABILITIES	375,205	725,732
 NET ASSETS		
Net assets without donor restrictions	1,144,401	845,373
Net assets with donor restrictions	576,312	464,653
TOTAL NET ASSETS	1,720,713	1,310,026
TOTAL LIABILITIES AND NET ASSETS	\$ 2,095,918	\$ 2,035,758

See accompanying notes.

UNITED WAY OF ADDISON COUNTY, INC.

STATEMENT OF ACTIVITIES - 2021

**FOR THE YEAR ENDED JUNE 30, 2021
(WITH COMPARATIVE TOTALS FOR 2020)**

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total 2021	Total 2020
PUBLIC SUPPORT AND REVENUE				
Gross campaign results:	\$ 679,525	\$ -	\$ 679,525	\$ 771,586
Donor designations - partners and others	(66,664)	-	(66,664)	(274,771)
Amounts from other United Ways	(15,150)	-	(15,150)	(36,352)
Amounts raised from events	-	-	-	(8,374)
Provision for uncollectible pledges	<u>(30,579)</u>	<u>-</u>	<u>(30,579)</u>	<u>(34,721)</u>
Net campaign results	567,132	-	567,132	417,368
Event revenue	2,049	-	2,049	10,424
Contributions designated UWAC	34,292	5,500	39,792	257,065
Grants	808,280	-	808,280	669,800
In-kind contributions	10,860	-	10,860	10,904
Recovery of prior year writeoffs	21,384	-	21,384	9,593
Program revenue	12,248	-	12,248	43,673
Investment income (loss)	284,904	75,849	360,753	(40,104)
Change in beneficial interest	-	47,314	47,314	(4,303)
Other income	<u>81,923</u>	<u>-</u>	<u>81,923</u>	<u>5,902</u>
Subtotal - support and revenue	1,823,072	128,663	1,951,735	1,380,322
Net assets released from restrictions	<u>17,004</u>	<u>(17,004)</u>	<u>-</u>	<u>-</u>
TOTAL PUBLIC SUPPORT AND REVENUE	<u>1,840,076</u>	<u>111,659</u>	<u>1,951,735</u>	<u>1,380,322</u>
EXPENSES				
Program services:				
Funding & agency relations	313,526	-	313,526	314,497
Organizational development	375,724	-	375,724	378,256
Community leadership & initiatives	551,061	-	551,061	490,977
Volunteer programs	47,969	-	47,969	58,623
Total program services	<u>1,288,280</u>	<u>-</u>	<u>1,288,280</u>	<u>1,242,353</u>
Support services:				
General and administrative	121,942	-	121,942	112,005
Fundraising	130,826	-	130,826	122,411
Total support services	<u>252,768</u>	<u>-</u>	<u>252,768</u>	<u>234,416</u>
TOTAL EXPENSES	<u>1,541,048</u>	<u>-</u>	<u>1,541,048</u>	<u>1,476,769</u>
TOTAL CHANGE IN NET ASSETS	299,028	111,659	410,687	(96,447)
BEGINNING NET ASSETS	<u>845,373</u>	<u>464,653</u>	<u>1,310,026</u>	<u>1,406,473</u>
ENDING NET ASSETS	<u>\$ 1,144,401</u>	<u>\$ 576,312</u>	<u>\$ 1,720,713</u>	<u>\$ 1,310,026</u>

See accompanying notes.

UNITED WAY OF ADDISON COUNTY, INC.

STATEMENT OF ACTIVITIES - 2020

FOR THE YEAR ENDED JUNE 30, 2020

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total 2020
PUBLIC SUPPORT AND REVENUE			
Gross campaign results:	\$ 771,586	\$ -	\$ 771,586
Donor designations - partners and others	(274,771)	-	(274,771)
Amounts from other United Ways	(36,352)	-	(36,352)
Amounts raised from events	(8,374)	-	(8,374)
Provision for uncollectible pledges	<u>(34,721)</u>	<u>-</u>	<u>(34,721)</u>
Net campaign results	417,368	-	417,368
Event revenue	10,424	-	10,424
Contributions designated UWAC	253,465	3,600	257,065
Grants	669,800	-	669,800
In-kind contributions	10,904	-	10,904
Recovery of prior year writeoffs	9,593	-	9,593
Program revenue	43,673	-	43,673
Investment loss	(31,583)	(8,521)	(40,104)
Change in beneficial interest	-	(4,303)	(4,303)
Other income	<u>5,902</u>	<u>-</u>	<u>5,902</u>
Subtotal - support and revenue	1,389,546	(9,224)	1,380,322
Net assets released from restrictions	<u>16,605</u>	<u>(16,605)</u>	<u>-</u>
TOTAL PUBLIC SUPPORT AND REVENUE	<u>1,406,151</u>	<u>(25,829)</u>	<u>1,380,322</u>
EXPENSES			
Program services:			
Funding & agency relations	314,497	-	314,497
Organizational development	378,256	-	378,256
Community leadership & initiatives	490,977	-	490,977
Volunteer programs	58,623	-	58,623
Total program services	<u>1,242,353</u>	<u>-</u>	<u>1,242,353</u>
Support services:			
General and administrative	112,005	-	112,005
Fundraising	122,411	-	122,411
Total support services	<u>234,416</u>	<u>-</u>	<u>234,416</u>
TOTAL EXPENSES	<u>1,476,769</u>	<u>-</u>	<u>1,476,769</u>
TOTAL CHANGE IN NET ASSETS	(70,618)	(25,829)	(96,447)
BEGINNING NET ASSETS	<u>915,991</u>	<u>490,482</u>	<u>1,406,473</u>
ENDING NET ASSETS	<u>\$ 845,373</u>	<u>\$ 464,653</u>	<u>\$ 1,310,026</u>

See accompanying notes.

UNITED WAY OF ADDISON COUNTY, INC.

STATEMENT OF FUNCTIONAL EXPENSES - 2021

**FOR THE YEAR ENDED JUNE 30, 2021
(WITH COMPARATIVE TOTALS FOR 2020)**

	Funding & Agency Relations	Organizational Development	Community Leadership & Initiatives	Volunteer Programs	Total Program Services
Salaries and wages	\$ 14,495	\$ 436	\$ 205,030	\$ 17,757	\$ 237,718
Employee benefits	442	13	25,861	544	26,860
Payroll taxes	1,063	31	16,447	1,302	18,843
 Subtotal - personnel	 16,000	 480	 247,338	 19,603	 283,421
Community investment	293,571	374,698	63,538	3,000	734,807
Professional fees	617	82	68,992	3,108	72,799
Program supplies	-	-	72,534	400	72,934
Advertising and promotion	74	-	51,166	991	52,231
Occupancy	1,870	272	24,569	10,146	36,857
Payments to affiliate	633	92	8,324	3,438	12,487
Information technology	246	25	4,195	3,928	8,394
Office expenses	114	17	2,779	1,141	4,051
Depreciation	140	20	3,014	762	3,936
Insurance	212	31	2,791	1,152	4,186
Bank fees	-	-	-	-	-
Conferences and training	-	-	1,101	-	1,101
Interest expense	49	7	642	265	963
Travel	-	-	78	35	113
 TOTAL EXPENSES	 \$ 313,526	 \$ 375,724	 \$ 551,061	 \$ 47,969	 \$ 1,288,280

See accompanying notes.

	General and Administrative	Fundraising	Total Support Expenses	Total 2021	Total 2020
Salaries and wages	\$ 61,729	\$ 82,265	\$ 143,994	\$ 381,712	\$ 385,556
Employee benefits	35,857	2,540	38,397	65,257	45,355
Payroll taxes	2,840	6,038	8,878	27,721	28,180
Subtotal - personnel	100,426	90,843	191,269	474,690	459,091
Community investment	-	-	-	734,807	782,912
Professional fees	2,720	5,648	8,368	81,167	27,708
Program supplies	-	-	-	72,934	30,547
Advertising and promotion	198	10,109	10,307	62,538	49,501
Occupancy	7,884	8,522	16,406	53,263	25,295
Payments to affiliate	2,671	2,887	5,558	18,045	12,231
Information technology	721	6,588	7,309	15,703	19,297
Office expenses	1,815	2,667	4,482	8,533	9,626
Depreciation	2,671	640	3,311	7,247	8,941
Insurance	896	968	1,864	6,050	4,724
Bank fees	1,482	1,053	2,535	2,535	5,681
Conferences and training	252	678	930	2,031	11,767
Interest expense	206	223	429	1,392	6,257
Travel	-	-	-	113	23,191
TOTAL EXPENSES	\$ 121,942	\$ 130,826	\$ 252,768	\$ 1,541,048	\$ 1,476,769

See accompanying notes.

UNITED WAY OF ADDISON COUNTY, INC.

STATEMENT OF FUNCTIONAL EXPENSES - 2020

FOR THE YEAR ENDED JUNE 30, 2020

	Funding & Agency Relations	Organizational Development	Community Leadership & Initiatives	Volunteer Programs	Total Program Services
Salaries and wages	\$ 12,423	\$ 1,257	\$ 199,887	\$ 33,002	\$ 246,569
Employee benefits	318	33	23,618	888	24,857
Payroll taxes	929	96	16,871	2,620	20,516
 Subtotal - personnel	 13,670	 1,386	 240,376	 36,510	 291,942
Community investment	298,334	374,698	109,880	-	782,912
Advertising and promotion	69	-	25,129	6,169	31,367
Program supplies	-	-	29,152	1,395	30,547
Professional fees	381	50	17,920	1,710	20,061
Occupancy	690	94	13,631	3,159	17,574
Travel	-	53	21,577	852	22,482
Information technology	263	1,826	3,246	3,349	8,684
Payments to affiliate	377	51	5,883	1,704	8,015
Conferences and training	-	-	11,369	50	11,419
Office expenses	129	18	3,319	1,080	4,546
Depreciation	246	34	4,182	1,115	5,577
Interest expense	193	26	3,010	872	4,101
Bank fees	-	-	30	-	30
Insurance	145	20	2,273	658	3,096
 TOTAL EXPENSES	 \$ 314,497	 \$ 378,256	 \$ 490,977	 \$ 58,623	 \$ 1,242,353

See accompanying notes.

	General and Administrative	Fundraising	Total Support Expenses	Total 2020
Salaries and wages	\$ 69,636	\$ 69,351	\$ 138,987	\$ 385,556
Employee benefits	18,709	1,789	20,498	45,355
Payroll taxes	2,471	5,193	7,664	28,180
	<hr/>	<hr/>	<hr/>	<hr/>
Subtotal - personnel	90,816	76,333	167,149	459,091
Community investment	-	-	-	782,912
Advertising and promotion	1,136	16,998	18,134	49,501
Program supplies	-	-	-	30,547
Professional fees	3,421	4,226	7,647	27,708
Occupancy	4,809	2,912	7,721	25,295
Travel	59	650	709	23,191
Information technology	1,309	9,304	10,613	19,297
Payments to affiliate	2,626	1,590	4,216	12,231
Conferences and training	63	285	348	11,767
Office expenses	1,960	3,120	5,080	9,626
Depreciation	2,324	1,040	3,364	8,941
Interest expense	1,343	813	2,156	6,257
Bank fees	1,125	4,526	5,651	5,681
Insurance	1,014	614	1,628	4,724
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL EXPENSES	\$ 112,005	\$ 122,411	\$ 234,416	\$ 1,476,769

See accompanying notes.

UNITED WAY OF ADDISON COUNTY, INC.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from grants	\$ 597,629	\$ 868,307
Cash received from contributions	662,951	710,599
Interest and dividends received	35,144	37,119
Other miscellaneous receipts	27,217	63,611
Cash paid for personnel	(470,758)	(447,239)
Cash paid for goods and services	(1,059,922)	(950,433)
Interest paid	<u>(1,393)</u>	<u>(6,258)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>(209,132)</u>	<u>275,706</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales of investments	361,485	393,905
Purchases of investments	(457,414)	(349,380)
Proceeds from sales of fixed assets	202,899	-
Purchases of fixed assets	<u>(8,026)</u>	<u>(27,201)</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>98,944</u>	<u>17,324</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Endowment gifts received	5,500	3,600
Net change in annuity payable	(688)	-
Proceeds from Paycheck Protection Program loan	-	71,300
Principal payments on long-term debt	<u>(91,794)</u>	<u>(6,311)</u>
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	<u>(86,982)</u>	<u>68,589</u>
INCREASE (DECREASE) IN CASH	(197,170)	361,619
BEGINNING CASH	<u>492,283</u>	<u>130,664</u>
ENDING CASH	<u>\$ 295,113</u>	<u>\$ 492,283</u>
REPORTED ON THE STATEMENTS OF FINANCIAL POSITION AS:		
Cash - operating	\$ 274,369	\$ 466,295
Cash - fiscal agent funds	<u>20,744</u>	<u>25,988</u>
	<u>\$ 295,113</u>	<u>\$ 492,283</u>
SUPPLEMENTAL DISCLOSURE OF NONCASH FINANCING ACTIVITY		
Forgiveness of Paycheck Protection Program loan	<u>\$ 71,300</u>	<u>\$ -</u>

See accompanying notes.

UNITED WAY OF ADDISON COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

1) SUMMARY OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES

Operations

United Way of Addison County, Inc. (UWAC or the Organization) is a nonprofit organization that is supported by contributions from local individuals and businesses. The Organization fulfills its mission "to be a leader and catalyst, mobilizing and supporting the caring power of individuals and organizations to improve lives and strengthen the community" through the following programs: Funding & Agency Relations, Organizational Development Assistance, Community Leadership & Initiatives, and Volunteer programs. The Organization focuses its efforts around three community impact areas: health, education and financial stability. In addition to granting funds directly to local health and human service organizations, the Organization also facilitates collaborative efforts and manages specific initiatives. Examples of Community Initiatives related to these impact areas include:

Health

Distribution of *Familywize* discount prescription cards which can help individuals and families save 30% or more on prescription costs.

Building on past facilitation of the 5-Town Drug and Safety Alliance, and four years of collaboration with the Vermont Department of Health under the Regional Prevention Partnership Grant, the Organization is now engaging in additional substance and alcohol abuse prevention initiatives in cooperation with the Substance Abuse and Mental Health Services Administration (SAMHSA) and the Centers for Disease Control (CDC). In fiscal year 2021, the Organization received the second year funding for two five-year federal awards under the Partners for Success (PFS) and Drug Free Communities (DFC) grants. These conditions will continue to bring together other nonprofits, businesses, individuals, medical providers, faith communities, and local law enforcement to inspire and implement innovative approaches to substance abuse prevention.

Education

Partnering with Addison County Readers to help facilitate early childhood literacy by the distribution of books to Addison County households with young children.

Financial Stability

Working with local employers to provide workplace financial literacy programs to low and moderate wage earners at the workplace to learn about and encourage budgeting skills, financial goal setting, increased savings, proper use of credit, and improving credit scores.

Partnering with United Way Worldwide to promote an online self-preparation option named *MyFreeTaxes* in an effort to provide a free tax filing option to Addison County residents, to build awareness and improve utilization of the Earned Income Tax Credit by working families, and to empower low and moderate income earners to learn how to prepare their own returns.

UNITED WAY OF ADDISON COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

1) SUMMARY OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Pending accounting standard

In February 2016, the Financial Accounting Standards Board (FASB) issued ASU No. 2016-02, *Leases* (Topic 842), which will replace the current guidance for leases found in FASB ASC 840. ASU No. 2016-02 will affect most not-for-profits for annual reporting periods beginning on or after December 15, 2021 (UWAC's fiscal year ending June 30, 2023). ASU No. 2016-02 applies to both lessees and lessors, and will require lessees with operating leases to recognize a right-of-use asset and related lease liability for leases with terms of 12 months or more. Management has not yet determined the impact of this ASU on the Organization's financial statements.

Basis of accounting

The financial statements of the United Way of Addison County, Inc. have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables and other liabilities.

Income taxes

United Way of Addison County, Inc. is a nonprofit organization as described in Section 501(c)(3) of the Internal Revenue Code, and is exempt from federal income taxes on income related to its exempt purpose as a public charity pursuant to Section 501(a) of the Code. The Organization believes that it has appropriate support for any tax positions taken and, as such, does not have any uncertain tax positions that are material to the financial statements.

Financial statement presentation

United Way of Addison County, Inc. reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions, and reported in the Statements of Activities as net assets released from restrictions.

Cash and cash equivalents

For purposes of the Statements of Cash Flows, the Organization considers all highly-liquid investments with an initial maturity of three months or less to be cash equivalents. Amounts on deposit in excess of the FDIC limit (\$250,000) were approximately \$51,000 and \$221,000 as of June 30, 2021 and 2020, respectively.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the U.S. requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

UNITED WAY OF ADDISON COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

1) SUMMARY OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Pledges receivable

The Organization uses the allowance method to determine net pledges receivable. The allowance amount for pledges receivable is based on prior years' experience, management's analysis of specific promises to give and currently known economic conditions. The uncollectible rate is applied to the total campaign goal. The campaign and the related allowance for uncollectible pledges are closed two years after the close of the campaign, regardless of collection date.

Accounts receivable

Accounts receivable is comprised of amounts receivable from a fiscal agency. Receivables are stated at the amount management expects to collect from outstanding balances. Management has deemed these amounts to be fully collectible.

Grants receivable

Grants receivable represent amounts due from the grantor in less than one year. No allowance is deemed necessary.

Investments and fair value measurements

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at fair value in the Statements of Financial Position, and changes in fair value are reported as investment return in the Statements of Activities. Investment income and gains restricted by a donor are reported as increases in net assets without donor restrictions if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

Fair value is defined as the price that would be received to sell an asset in the principal, or most advantageous, market for the asset in an orderly transaction between market participants on the measurement date. Fair value should be based on assumptions market participants would use when pricing an asset. Accounting principles in the United States of America establish a fair value hierarchy that prioritizes investments based on those assumptions. The fair value hierarchy gives the highest priority to quoted prices in active markets (observable inputs) and the lowest priority to an entity's assumptions (unobservable inputs). The three levels of the fair value hierarchy are described below:

Level 1 - inputs are unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2 - inputs include quoted prices for similar assets or liabilities in active markets; identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; or inputs that are derived principally from or corroborated by observable market data by correlation or by other means.

Level 3 - inputs are unobservable and significant to the fair value measurement.

UNITED WAY OF ADDISON COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

1) SUMMARY OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and equipment

Property and equipment is stated at cost. The Organization capitalizes any item with an original value of \$1,000 or more and with a useful life greater than one year. Donations of property and equipment are recorded as support at their estimated market value. Such donations are reported as support without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as support with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports the expiration of donor restrictions when donated assets are placed into service as instructed by the donor, and reclassifies net assets with restrictions to net assets without donor restrictions at that time. Depreciation is computed using the straight-line method over the estimated useful lives.

Advertising and promotion

The Organization uses advertising to promote its programs among the audiences it serves. Costs of advertising are expensed as incurred. Amounts included in advertising included donated media of \$10,210 and \$9,384 for the years ended June 30, 2021 and 2020, respectively. Other advertising consisted of promotional supplies, food, catering, printing, and publications.

Contributed services

The Organization receives various types of in-kind support including professional services and unskilled labor. Contributed professional services are recognized at fair market value if the services rendered (a) create or enhance long-lived assets or (b) require specialized skills, and would typically need to be purchased if not provided by donation. Donated services that met this criteria were \$10,860 and \$10,904 for the years ended June 30, 2021 and 2020, respectively.

Revenue recognition

A portion of the Organization's revenue is derived from cost-reimbursable contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with the specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as deferred revenue in the Statements of Financial Position.

Functional expenses

The costs of providing various programs and activities have been summarized on a functional basis in the Statements of Activities. The Statements of Functional Expenses present expenses by function and natural classification. Expenses directly attributable to a specific functional area are reported as expenses of those functional areas, while indirect costs that benefit multiple functional areas have been allocated among the various functional areas. Indirect salaries have been allocated to the various programs based on estimated time spent by each person. Other indirect costs are allocated based on the payroll allocation percentages.

UNITED WAY OF ADDISON COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

2) LIQUIDITY

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. The Organization has various sources of liquidity at its disposal, including cash and cash equivalents, receivables and marketable debt and equity securities.

For purposes of analyzing resources available to meet general expenditures over a 12-month period, United Way of Addison County, Inc. considers all expenditures related to its ongoing activities of community investment and community impact and volunteer mobilization, as well as the conduct of services undertaken to support those activities to be general expenditures.

In addition to financial assets available to meet general expenditures over the next 12 months, the Organization operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources.

As of June 30, the following tables show the total financial assets held by United Way of Addison County, Inc., and the amounts of those financial assets that could readily be made available within one year of the Statements of Financial Position dates to meet general expenditures:

	<u>2021</u>	<u>2020</u>
Cash - operating	\$ 274,369	\$ 466,295
Cash - fiscal agent funds	20,744	25,988
Pledges receivable - net of allowance	99,838	128,968
Grants receivable	23,340	-
Accounts receivable	252	4,598
Investments	1,380,249	973,665
Beneficial interest with Vermont Community Foundation	205,546	167,223
Beneficial interest - fiscal agent funds	56,940	36,490
Total financial assets	<u>2,061,278</u>	<u>1,803,227</u>
Less amounts not available to meet general expenditures:		
Cash - fiscal agent funds	(20,744)	(25,988)
Net assets with donor restrictions	(576,312)	(464,653)
Board-designated net assets	(957,746)	(730,997)
Beneficial interest - fiscal agent funds	<u>(56,940)</u>	<u>(36,490)</u>
Financial assets available to meet general expenditures over the next 12 months	<u>\$ 449,536</u>	<u>\$ 545,099</u>

UNITED WAY OF ADDISON COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

3) PLEDGES RECEIVABLE

Pledges receivable consisted of the following unconditional promises to give at June 30:

	<u>2021</u>	<u>2020</u>
Current campaign receivable	\$ 118,082	\$ 116,173
Prior campaigns receivable	12,335	47,516
	<u>130,417</u>	<u>163,689</u>
Less allowance for uncollectible pledges	<u>(30,579)</u>	<u>(34,721)</u>
	<u>\$ 99,838</u>	<u>\$ 128,968</u>

All promises to give are due in less than one year.

4) BENEFICIAL INTEREST WITH VERMONT COMMUNITY FOUNDATION

The Vermont Community Foundation (VCF) holds endowment funds for the benefit of the Organization with fair values totaling \$205,546 and \$167,223 at June 30, 2021 and 2020, respectively. The Organization received distributions of \$8,991 and \$9,131 from VCF for the years ended June 30, 2021 and 2020, respectively.

The Board of Directors of Vermont Community Foundation shall have the power to modify any restriction or condition on the distribution of funds for any specified charitable purposes or to a specified organization if, in the sole judgment of the Board, such restriction or condition becomes, in effect, unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community served.

5) INVESTMENTS

The Organization's investments include both funds with donor restrictions and without donor restrictions. All investments have readily determinable fair values, and are carried at fair value as determined by reference to quoted market prices and other relevant information generated by market transactions (Level 1 inputs).

The following table presents the composition of investments at fair value as of June 30:

	<u>2021</u>	<u>2020</u>
Cash and equivalents	\$ 88,591	\$ 66,726
Equities	859,978	550,192
Fixed income	335,674	319,855
Alternative investments	<u>96,006</u>	<u>36,892</u>
Total investments measured at fair value	<u>\$ 1,380,249</u>	<u>\$ 973,665</u>

UNITED WAY OF ADDISON COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

5) INVESTMENTS (continued)

An additional analysis of UWAC's investments are as follows:

	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Appreciation (Depreciation)</u>
<u>June 30, 2021</u>			
Cash and equivalents	\$ 88,591	\$ 88,591	\$ -
Equity securities	602,331	859,978	257,647
Fixed income	327,322	335,674	8,352
Alternative investments	85,042	96,006	10,964
	<u>\$ 1,103,286</u>	<u>\$ 1,380,249</u>	<u>\$ 276,963</u>
<u>June 30, 2020</u>			
Cash and equivalents	\$ 66,726	\$ 66,726	\$ -
Equity securities	540,628	550,192	9,564
Fixed income	315,761	319,855	4,094
Alternative investments	41,699	36,892	(4,807)
	<u>\$ 964,814</u>	<u>\$ 973,665</u>	<u>\$ 8,851</u>

Investment return was as follows for the years ended June 30:

	<u>2021</u>	<u>2020</u>
Interest and dividends	\$ 35,144	\$ 37,119
Realized gain	66,083	18,626
Change in unrealized gain (loss)	268,112	(87,962)
Investment fees	(8,586)	(7,887)
	<u>\$ 360,753</u>	<u>\$ (40,104)</u>

UNITED WAY OF ADDISON COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

6) ENDOWMENT FUNDS

FASB staff position

In August 2008, the Financial Accounting Standards Board issued FASB Staff Position "Endowments of Not-for-Profit Organizations Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures for All Endowment Funds." The Staff Position provides guidance on the net asset classification of donor-restricted endowment funds for a nonprofit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA). The Staff Position also requires additional disclosures about an organization's endowment funds (both donor-restricted endowment funds and board-designated endowment funds), whether or not the organization is subject to UPMIFA.

Interpretation of relevant law

The State of Vermont enacted UPMIFA effective May 5, 2009, the provisions of which apply to endowment funds existing or established after that date. The Organization adopted the FASB Staff Position for the year ended June 30, 2009. The Board of Directors determined that the Organization's net assets with donor restrictions meet the definition of endowment funds under UPMIFA.

The Board of Directors of the Organization has interpreted State of Vermont law 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 net assets with donor restrictions in perpetuity (a) the original value of gifts donated to the permanent endowment, and (b) the original value of subsequent gifts to the permanent endowment. There are no explicit donor stipulations that govern the Organization's permanently restricted endowment funds. The Organization considers the duration and preservation of the fund, general economic conditions, the possible effect of inflation or deflation, the expected total return of the fund, the availability of other resources, and the general investment policies of the Organization when establishing the investment allocation of the fund.

Return objectives and risk parameters

The Organization adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for a donor-specified period, as well as Board-designated funds. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce sufficient earnings to meet the Organization's current and future operational needs.

Strategies employed for achieving objectives

To satisfy its long-term rate of return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

UNITED WAY OF ADDISON COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

6) ENDOWMENT FUNDS (continued)

Spending policy and how the investment objectives relate to spending policy

The spending policy for endowment funds is based on striking the balance between protection of donor designations, growth and meeting a portion of annual operating, program and capital needs of the Organization. An annual distribution is made based on a range of 3 - 6% of a trailing twelve-quarter average of the year-end balances.

Funds with deficiencies

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). The Organization complies with UPMIFA and has interpreted UPMIFA to permit spending from underwater endowment funds in accordance with prudent measures required under the law. There were no such deficiencies as June 30, 2021 or 2020.

The fair values of the Organization's endowment net assets were as follows at:

	Without Donor Restrictions	With Donor Restrictions		
		Un- appropriated Earnings	To be Held in Perpetuity	Total
<u>June 30, 2021</u>				
Board-designated endowment funds	\$ 587,605	\$ -	\$ -	\$ 587,605
Donor-restricted endowment funds	-	170,079	397,570	567,649
	<u>\$ 587,605</u>	<u>\$ 170,079</u>	<u>\$ 397,570</u>	<u>\$ 1,155,254</u>
<u>June 30, 2020</u>				
Board-designated endowment funds	\$ 363,357	\$ -	\$ -	\$ 363,357
Donor-restricted endowment funds	-	63,920	392,070	455,990
	<u>\$ 363,357</u>	<u>\$ 63,920</u>	<u>\$ 392,070</u>	<u>\$ 819,347</u>

UNITED WAY OF ADDISON COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

6) ENDOWMENT FUNDS (continued)

Changes in endowment net assets were as follows for the years ended June 30, 2021 and 2020:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>		<u>Total</u>
		<u>Un- appropriated Earnings</u>	<u>To be Held in Perpetuity</u>	
Balance - July 1, 2019	\$ 415,175	\$ 93,349	\$ 388,470	\$ 896,994
Additional contributions	-	-	3,600	3,600
Investment loss	(34,378)	(12,824)	-	(47,202)
Appropriated for operations	(17,440)	(16,605)	-	(34,045)
Balance - June 30, 2020	<u>\$ 363,357</u>	<u>\$ 63,920</u>	<u>\$ 392,070</u>	<u>\$ 819,347</u>
Balance - July 1, 2020	\$ 363,357	\$ 63,920	\$ 392,070	\$ 819,347
Additional contributions	63,000	-	5,500	68,500
Investment income	179,945	123,163	-	303,108
Appropriated for operations	(18,697)	(17,004)	-	(35,701)
Balance - June 30, 2021	<u>\$ 587,605</u>	<u>\$ 170,079</u>	<u>\$ 397,570</u>	<u>\$ 1,155,254</u>

7) PAYCHECK PROTECTION PROGRAM LOAN

In April 2020, UWAC signed a two-year loan agreement with People's United Bank under the Paycheck Protection Program (PPP) for a \$71,300 loan. The loan was forgiven in full in February 2021.

8) LONG-TERM DEBT

Long-term debt consisted of the following at June 30:

	<u>2021</u>	<u>2020</u>
National Bank of Middlebury - mortgage note payable in monthly installments of \$1,048, including interest at an annual rate of 6.5%, collateralized by the building, due June 30, 2030	\$ -	\$ 91,794
Less current portion	-	(7,000)
	<u>\$ -</u>	<u>\$ 84,794</u>

In September 2020, United Way of Addison County, Inc. sold the building and retired the long-term debt.

UNITED WAY OF ADDISON COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

9) OPERATING LEASES

In May 2017, the Organization entered into a five-year, noncancelable operating lease for a photocopier. The terms of the lease call for monthly payments of \$298 through April 2022.

In April 2020, the Organization entered into a five-year lease agreement for office space, commencing on April 1, 2020. The agreement requires monthly payments of \$4,139 for all five years. At the end of the lease term, the Organization has the option to renew for an additional five years, with rental expense increased by the cumulative Consumer Price Index increase over the entire initial term. Rent expenses were \$49,662 and \$12,416 for the years ended June 30, 2021 and 2020, respectively.

The total remaining operating lease payments for the years ending June 30 are as follows:

2022	\$ 53,000
2023	50,000
2024	50,000
2025	<u>37,000</u>
	<u>\$ 190,000</u>

10) CUSTODIAL ACCOUNTS - FISCAL AGENT FUNDS

The Organization is acting as a fiscal agent for certain local projects. Balances consisted of the following at June 30:

	<u>2021</u>	<u>2020</u>
Addison County Readers	\$ 74,986	\$ 58,442
Addison County Foster Fund	<u>2,698</u>	<u>4,036</u>
	<u>\$ 77,684</u>	<u>\$ 62,478</u>

Addison County Readers - an early literacy program that makes age appropriate books available to all children in Addison County aged 0 - 5 through the Dolly Parton Imagination Library program.

Addison County Foster Fund - a fund for summer camp and extracurricular activities for children and youth in the foster care system.

In fiscal year 2017, Addison County Readers moved some of their funds to a beneficial interest account with the Vermont Community Foundation.

UNITED WAY OF ADDISON COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

11) RELATED PARTY TRANSACTIONS

The Organization's office lease is located in a building in which the Board President owns an interest. The President's board term will end on June 30, 2021. The Organization paid \$49,662 and \$12,416 in rent for the years ended June 30, 2021 and 2020, respectively. No amounts were due to or from the related party at June 30, 2021 or 2020.

12) NET ASSETS

United Way of Addison County, Inc.'s net assets consisted of the following at June 30:

	<u>2021</u>	<u>2020</u>
Net assets without donor restrictions:		
Board-designated:		
Endowment fund	\$ 587,605	\$ 363,357
Special Operations fund	297,296	197,803
Building reserve	44,370	34,532
Net investment in property and equipment	28,475	135,305
Subtotal - board-designated	<u>957,746</u>	<u>730,997</u>
Undesignated	<u>186,655</u>	<u>114,376</u>
	<u>\$ 1,144,401</u>	<u>\$ 845,373</u>
Net assets with donor restrictions:		
Restricted to time or purpose:		
Funder's Collaborative	\$ 901	\$ 901
Charitable gift annuity	7,762	7,762
Unappropriated endowment earnings	99,479	31,643
Unappropriated endowment earnings - VCF	70,600	32,277
Subtotal - restricted to time or purpose	<u>178,742</u>	<u>72,583</u>
Restricted in perpetuity:		
Donor-restricted endowment	262,624	257,124
Beneficial interest with Vermont Community Foundation	134,946	134,946
Subtotal - restricted in perpetuity	<u>397,570</u>	<u>392,070</u>
	<u>\$ 576,312</u>	<u>\$ 464,653</u>

UNITED WAY OF ADDISON COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

13) REVENUE FROM CONTRACTS WITH CUSTOMERS

Revenues from contracts with customers are immaterial to the financial statements. United Way of Addison County, Inc. did not have any contract assets or liabilities as of the beginning or ending of 2021 or 2020.

14) SPLIT-INTEREST AGREEMENT

In 2003, United Way of Addison County, Inc. received a donation to establish a charitable gift annuity. Under the terms of the agreement, the beneficiary is to receive quarterly annuity payments of \$222 throughout the beneficiary's life.

15) CHILD CARE CONSORTIUM

United Way of Addison County, Inc. entered into a Memorandum of Understanding (MOU) on June 22, 2000 between Middlebury College and the Child Care Consortium (Bristol Family Center, Inc., Otter Creek Child Center, Inc. and Mary Johnson Children's Center), wherein the Organization will receive annual grants from Middlebury College on the first business day in July each year, and distribute the funds in equal quarterly installments to the MOU Project Operator. For the period September 1, 2020 through August 31, 2021, the grant amount and distribution was \$374,698. For the period September 1, 2019 through August 31, 2020, the grant amount and distribution was \$374,698.

16) EMPLOYEE BENEFIT PLAN

United Way of Addison County, Inc. sponsors a SIMPLE retirement plan under which the Organization matches each eligible employee's contributions up to 3% of the employee's salary. Total employer contributions were \$10,890 and \$8,117 for the years ended June 30, 2021 and 2020, respectively.

17) GLOBAL PANDEMIC

On March 11, 2020, the World Health Organization declared the COVID-19 coronavirus to be a global pandemic. At the onset of COVID-19, most United Way of Addison County (UWAC) staff began working remotely, and subsequently began balancing remote work with onsite work as needed and in accordance with current state health guidelines.

To address adverse community impacts from COVID-19, a collaboration was formed between UWAC and a newly formed community volunteer group named Addison County Mutual Aid. An emergency fundraising campaign named Addison County Responds was launched by UWAC to help provide three critical areas of funding: (a) to help provide relief assistance to Addison County residents adversely affected by the COVID-19 workplace shutdowns, (b) to help provide emergency grants to local partner nonprofits to cover sudden and necessary COVID-19 related expenses, and (c) to help UWAC reach its annual community impact funding goal.

UNITED WAY OF ADDISON COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

17) GLOBAL PANDEMIC (continued)

Relief assistance to displaced Addison County workers included items such as rental/mortgage payments, auto loans, utility bills, and grocery store gift cards. No cash payments were made to any relief recipient. Recipients were screened by UWAC's Workplace Resource Coordinator, and eligible individual applications were then forwarded along to the Executive Director for further review before being forwarded to the Board of Director's Executive Committee for their final review and approval. After two months of providing assistance in this format, it was decided by the UWAC Board of Directors and Executive Director to outsource this relief assistance program to its funded partner agency, HOPE. The remaining relief assistance funds were then channeled to HOPE to take advantage of the logistics already in place to help Addison County residents with unstable housing/economic situations. UWAC's Executive Director currently participates in HOPE's housing coalition meetings, and receives regular reports detailing how the UWAC relief funds are distributed. This new format continued throughout fiscal year 2021.

The emergency mini-grant program consists of making targeted COVID-19 related grants to local agencies that have been vetted previously through UWAC's community impact funding process. Applications are received by the Executive Director for screening, and are then forwarded to the Board's Executive Committee for review and approval. This format continued throughout fiscal year 2021.

As of the report date, it is not possible to determine the long-term impact of this health crisis on UWAC's operations. Additionally, it cannot be determined if the effects are temporary or permanent in nature.

18) SUBSEQUENT EVENTS

United Way of Addison County, Inc. has evaluated events and transactions for potential recognition or disclosure through March 28, 2022, the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

UNITED WAY OF ADDISON COUNTY, INC.

SCHEDULE OF FISCAL AGENT ACTIVITY

**FOR THE YEAR ENDED JUNE 30, 2021
(WITH COMPARATIVE TOTALS FOR 2020)**

	<u>Addison County Readers</u>	<u>Addison County Foster Fund</u>	<u>Total 2021</u>	<u>Total 2020</u>
SUPPORT AND REVENUE				
Contributions	\$ 9,202	\$ 2,069	\$ 11,271	\$ 11,421
Events	798	-	798	903
Grants	23,464	-	23,464	26,265
In-kind donations	1,500	-	1,500	1,500
Miscellaneous income	-	6	6	-
Investment gain (loss)	10,450	-	10,450	(1,069)
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL SUPPORT AND REVENUE	45,414	2,075	47,489	39,020
	<hr/>	<hr/>	<hr/>	<hr/>
EXPENSES				
Program supplies	26,603	432	27,035	28,281
Community investment	-	2,724	2,724	3,066
Professional fees	2,000	252	2,252	2,238
Bank charges	28	5	33	30
Office expenses	239	-	239	186
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL EXPENSES	28,870	3,413	32,283	33,801
	<hr/>	<hr/>	<hr/>	<hr/>
NET INCOME (LOSS)	<u>\$ 16,544</u>	<u>\$ (1,338)</u>	<u>\$ 15,206</u>	<u>\$ 5,219</u>

See accompanying notes.