UNITED CHARITABLE

FINANCIAL REPORT

DECEMBER 31, 2019

UNITED CHARITABLE

TABLE OF CONTENTS

ROBERT D. BEN-KORI, CPA, PLLC

Certified Public Accountant

7214 Hadlow Drive
Springfield, VA 22152

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
United Charitable
Tysons, Virginia

We have audited the accompanying financial statements of United Charitable (a nonprofit organization), which comprise the statements of financial position as of December 31, 2019 and 2018, 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 audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the unconsolidated financial position of United Charitable as of December 31, 2019 and 2018, and the unconsolidated changes in its net assets and its unconsolidated cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Member: American Institute of
Certified Public Accountants
Email: RDBKCPA@aol.com

Phone: (703) 451-9136
(703) 451-9140
Fax: (703) 451-9139

Other Matter

We also have audited, in accordance with auditing standards generally accepted in the United States of America, the consolidated statements of financial position of United Charitable and its supporting organization as of December 31, 2019 and 2018, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements (none of which is presented herein), and we expressed an unmodified opinion on those financial statements. Such consolidated financial statements are the general-purpose financial statements of United Charitable and its supporting organization, and the financial statements of the parent company presented herein are not a valid substitute for those consolidated financial statements.

Robert D. Ben-Kori, CPA, PLLC

Springfield, Virginia
December 11, 2020

UNITED CHARITABLE

STATEMENTS OF FINANCIAL POSITION
December 31, 2019 and 2018

	2019	2018
ASSETS		
Current Assets		
Cash and cash equivalents	$ 678,065	$ 1,006,471
Other receivables	14,230	16,373
Prepaid expenses	28,056	36,548
Total current assets	720,351	1,059,392
Investments, equity method		
Investees holding financial assets	106,272,729	86,860,245
Investees holding nonfinancial assets	40,815,335	39,408,027
Investees holding commercial real estate	14,970,702	14,044,115
Total investments - equity method	162,058,766	140,312,387
Investments, fair value	19,658,625	22,292,389
Split-Interest agreements	1,565,694	1,086,049
Due from related parties, long-term	306,555	306,555
Property and equipment, net	174,434	178,785
Other assets		
Life insurance, cash surrender value	3,771,093	3,876,511
Security deposits	6,928	6,928
Total noncurrent assets	187,542,095	168,059,604
Total assets	$ 188,262,446	$ 169,118,996
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable and accrued expenses	$ 127,377	$ 124,043
Deferred lease obligation	21,291	28,088
Total current liabilities	148,668	152,131
Net assets without donor restriction	3,562,622	3,146,158
Net assets with donor restriction	184,551,156	165,820,707
Total net assets	188,113,778	168,966,865
Total liabilities and net assets	$ 188,262,446	$ 169,118,996

UNITED CHARITABLE

STATEMENT OF ACTIVITIES
Year Ended December 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue			
Contributions and grants	$ 4,577	$ 2,939,389	$ 2,943,966
Non-cash contributions	450,427	22,301,105	22,751,532
Gain from equity method investees	-	3,426,838	3,426,838
Investment return	677,496	2,473,642	3,151,138
Event revenue	-	126,799	126,799
Program service revenue	12,300	239,864	252,164
Other income	-	713,356	713,356
Net assets released from restrictions	13,490,544	(13,490,544)	-
Total support and revenue	14,635,344	18,730,449	33,365,793
Expenses			
Program services	12,737,199	-	12,737,199
Total program services	12,737,199	-	12,737,199
Supporting services:			
General and adminstrative	1,361,821	-	1,361,821
Fundraising	119,860	-	119,860
Total supporting services	1,481,681	-	1,481,681
Total expenses	14,218,880	-	14,218,880
Increase in net assets	416,464	18,730,449	19,146,913
Net Assets, beginning of year	3,146,158	165,820,707	168,966,865
Net Assets, end of year	$ 3,562,622	$ 184,551,156	$ 188,113,778

UNITED CHARITABLE

STATEMENT OF ACTIVITIES
Year Ended December 31, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue			
Contributions and grants	$ 6,162	$ 3,318,183	$ 3,324,345
Non-cash contributions	18,662	72,132,306	72,150,968
Gain from equity method investees	-	6,001,755	6,001,755
Investment return	(121,634)	(2,253,633)	(2,375,267)
Event revenue	-	133,028	133,028
Program service revenue	6,029	249,034	255,063
Other income	-	119,767	119,767
Net assets released from restrictions	6,488,001	(6,488,001)	-
Total support and revenue	6,397,220	73,212,439	79,609,659
Expenses			
Program services	5,862,346	-	5,862,346
Total program services	5,862,346	-	5,862,346
Supporting services:			
General and adminstrative	1,471,184	-	1,471,184
Fundraising	43,205	-	43,205
Total supporting services	1,514,389	-	1,514,389
Total expenses	7,376,735	-	7,376,735
Increase (decrease) in net assets	(979,515)	73,212,439	72,232,924
Net Assets, beginning as restated (Note 11)	4,125,673	92,608,268	96,733,941
Net Assets, ending	$ 3,146,158	$ 165,820,707	$ 168,966,865

UNITED CHARITABLE

STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2019

	Program Services	General and Administrative	Fund Raising	Total
Accounting and legal	$ 1,612	$ 187,197	$ -	$ 188,809
Advertising	696	-	-	696
Bank and investment fees	31,214	36,398	-	67,612
Conferences	11,677	697	2,790	15,164
Depreciation	2,065	2,287	-	4,352
Donations	11,332,662	-	-	11,332,662
Dues and subscriptions	2,002	3,409	-	5,411
Employee benefits	23,402	132,457	14,372	170,231
Equipment rental and repairs	30,384	-	163	30,547
Events	99,857	-	110	99,967
Insurance	60,775	75,827	-	136,602
Licenses, taxes and fees	10,368	11,319	-	21,687
Maintenance	7,947	53,955	4,012	65,914
Media	55,832	-	584	56,416
Miscellaneous	4,820	5,483	8,566	18,869
Office expense	-	17,622	-	17,622
Payroll	304,955	622,907	69,212	997,074
Payroll taxes	23,950	46,435	4,756	75,141
Printing and postage	23,540	3,034	2,635	29,209
Program support	143,505	-	-	143,505
Publications	10,312	-	-	10,312
Rent and occupancy	91,960	85,395	948	178,303
Sub-contractors program consultants	305,480	62,416	1,524	369,420
Supplies	6,553	2,469	108	9,130
Telephone	8,552	6,730	-	15,282
Travel and meals	143,079	5,784	10,080	158,943
Total expenses	**$ 12,737,199**	**$ 1,361,821**	**$ 119,860**	**$ 14,218,880**

UNITED CHARITABLE

STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2018

	Program Services	General and Administrative	Fund Raising	Total
Accounting and legal	$ 13,475	$ 142,822	$ -	$ 156,297
Advertising	372	-	-	372
Bank and investment fees	47,244	27,700	-	74,944
Conferences	3,327	2,206	-	5,533
Depreciation	2,065	3,384	-	5,449
Donations	4,256,255	-	-	4,256,255
Dues and subscriptions	10,473	4,580	-	15,053
Employee benefits	20,893	111,245	-	132,138
Equipment rental and repairs	22,972	3,823	1,261	28,056
Events	165,935	1,894	1,234	169,063
Insurance	146,554	82,949	50	229,553
Licenses, taxes and fees	5,581	14,793	-	20,374
Maintenance	1,103	75,017	-	76,120
Media	35,722	7,388	622	43,732
Miscellaneous	13,070	10,371	-	23,441
Office expense	8,467	16,030	4,040	28,537
Payroll	318,123	667,069	-	985,192
Payroll taxes	23,374	52,079	-	75,453
Printing and postage	34,979	5,861	5,437	46,277
Program support	158,629	-	-	158,629
Publications	3,371	81	-	3,452
Rent and occupancy	58,450	81,160	7,513	147,123
Sub-contractors program consultants	308,787	139,997	2,525	451,309
Supplies	13,964	3,700	11,051	28,715
Telephone	9,433	7,483	-	16,916
Travel and meals	179,728	9,552	9,472	198,752
Total expenses	$ 5,862,346	$ 1,471,184	$ 43,205	$ 7,376,735

UNITED CHARITABLE

STATEMENTS OF CASH FLOWS
Years Ended December 31, 2019 and 2018

	2019	2018
Cash Flows from Operating Activities		
Increase in net assets	$ 19,146,913	$ 72,232,924
Adjustments to reconcile increase in net assets to net cash used in operating activities:		
Depreciation	4,351	5,449
Non-cash contributions in	(22,751,532)	(72,150,968)
Non-cash donations out	7,846,760	352,916
Gain from equity method investees	(2,311,341)	(5,508,972)
Realized and unrealized (gain) loss on investments	(2,510,285)	2,734,893
Decrease in life insurance cash surrender value	195,977	172,252
Decrease (increase) in:		
Other receivables	2,143	163,943
Prepaid expenses	8,492	6,114
Split-interest agreements	(479,645)	85,810
Increase (decrease) in:		
Accounts payable and accrued expenses	3,334	1,618
Deferred lease obligation	(6,797)	(4,196)
Net cash used in operating activities	(851,630)	(1,908,217)
Cash Flows from Investing Activities		
Proceeds from sales of investments	10,711,315	11,457,097
Distributions of LP/LLC principal	87,123	165,626
Purchases of investments	(10,275,214)	(11,808,962)
Purchases of property and equipment	-	(10,325)
Net cash provided by (used in) investing activities	523,224	(196,564)
Decrease in cash and cash equivalents	(328,406)	(2,104,781)
Cash and Cash Equivalents		
Beginning	1,006,471	3,111,252
Ending	$ 678,065	$ 1,006,471

See Notes to Financial Statements.

NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Activities and Significant Accounting Policies

United Charitable (UC or the Organization), formerly known as United Charitable Programs, was originally incorporated in the state of Virginia in 2005 and was issued tax exempt status by the Internal Revenue Service (IRS) in 2008. After an initial period of inactivity, UC requested a certificate of restatement to its former name, United Charitable Programs, effective October 4, 2010. UC operates exclusively as an organization authorized to engage in religious, charitable, scientific, literary or educational activities by consolidating the administration of these activities through fiscally sponsored programs and donor advised funds.

Any person or corporation, with approval from UC's Board of Directors, may establish a Charitable Program at UC to engage in activities compatible to the mission objectives of UC. Charitable Programs are held and administered by UC. Assets donated to UC in support of the purposes of specific charitable programs operated by UC are treated as net assets with donor restriction dedicated to those specific purposes, and that only the sponsorship fees, interest and charges paid to the general fund of UC shall be treated as net assets without donor restriction. UC observes the charitable trust doctrine to maximize the protection of restricted assets from potential general creditors of UC. Final approval of the use of all Charitable Program Funds rests with UC and its Board of Directors.

Donor Advised Funds at UC are administered under restrictions set forth in the 2006 Pension Protection Act. Donors may make recommendations on the investment of or the use of donated funds, which are restricted to qualified charities in the United States and abroad. Donors may also organize a Scholarship Program with UC and recommend to disburse funds to the college or university of a Scholarship Recipient. As with its Charitable Programs, UC maintains final oversight on all donations and scholarship requests for its Donor Advised Funds.

A summary of the Organization's significant accounting policies follows:

Principles of presentation: These financial statements include the balances and financial activities of UC only. The consolidated statements of financial position of UC and its supporting organization as of December 31, 2019 and 2018, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements have been presented separately. Such consolidated financial statements are the general purpose financial statements of UC and its supporting organization. The financial statements of the parent company presented herein are not a valid substitute for the consolidated financial statements.

Basis of accounting: The financial statements of UC are presented on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). Support is recognized when earned and costs and expenses are recognized when incurred.

Note 1. Nature of Activities and Summary of Significant Accounting Policies (Continued)

Cash and cash equivalents: UC considers highly liquid investments purchased with maturities of less than three months to be cash equivalents. UC maintains its cash in checking and savings accounts with financial institutions. Such deposits are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000 per bank. The Organization has not experienced any losses in any accounts and does not believe it is exposed to significant credit risk with these deposits.

***Investments accounted for using the equity method*:** In 2011, UC began receiving CFLP/LLC contributions, where donors establish a CFLP/LLC, contribute various assets, many of which are security instruments, and then donate a percentage of the membership units to UC. The donor is the general partner and UC is a limited partner of the CFLP/LLC. As such, UC cannot and does not exercise any management authority over the operation of these entities.

CFLP/LLCs are recorded at estimated fair value as of the date of donation, and are subsequently reported using the equity method. CFLP/LLC donations to UC for the years ended December 31, 2019 and 2018 were $19,832,038 and $70,101,507, respectively.

UC changed the accounting method for reporting the value of CFLP/LLCs from the lower of cost or net realizable value to the equity method, see note 12 for restatement.

Investments accounted for using fair value: UC follows the recommendations in Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 958, *Not-for-Profit Entities*. Under FASB ASC Topic 958, investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values based on quoted prices in active markets (Level 1 measurements) in the statements of financial position. Annuities are reported at their fair value based on significant other observable inputs (Level 2 measurements). Unrealized gains or losses on investments is reflected in the statements of activities.

Investments are originally recorded at cost if purchased or estimated fair value on the date of donation. Subsequently, investments are carried at fair value. Net investment income (loss) represents interest, dividends, and realized and unrealized gains and losses on investments.

Split-interest agreements: Split-interest agreements consist of charitable remainder trusts. Under charitable remainder trusts, donors establish and fund trusts with specified distributions to be made to beneficiaries over the trusts' terms. The Organization records charitable remainder trusts for which it is not the trustee at the net present value of the projected cash flows and these are included in the accompanying statements of financial position as split-interest agreements.

Property and equipment: Property and equipment includes land, buildings, furniture, fixtures and equipment that are used in charitable activities of UC's Charitable Programs. These assets are recorded at cost or, if donated, at net realizable value at the date of donation. Depreciation is computed on the straight-line basis over the estimated useful lives of 30 years for buildings and 3 to 10 years for all other assets.

Note 1. Nature of Activities and Summary of Significant Accounting Policies (Continued)

Property and equipment (continued): All acquisitions of property and equipment of $2,500 or more and all expenditures for major renewals and betterments that extend the useful lives of property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred.

Income taxes: UC is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code; accordingly, the accompanying financial statements do not reflect a provision or liability for federal and state income taxes.

The most significant tax positions of UC are its assertion that it is exempt from income taxes and its determination of whether any amounts are subject to unrelated business tax. UC adopted the provisions of accounting for uncertainty in income tax positions as required by FASB ASC Topic 740, *Income Taxes*; however, management does not believe it is exposed to any such positions as defined in this guidance, nor do they expect this to change significantly over the next 12 months. UC files Form 990, *Return of Organization Exempt from Income Tax*, annually with the United States Department of the Treasury. Such returns are subject to examination by taxing authorities, generally for a period of three years from the date the returns are filed.

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

Net assets without donor restrictions: Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

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

Support and revenue recognition:

Contributions: Non-cash contributions are recorded at fair value on the date of donation. Contributions are recorded when received as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor restrictions. All donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Gain from equity method investee: UC's share of the net income of CFLP/LLC will be recognized as income in the Organization's statements of activities and added to the investment balance, and dividends received from CFLP/LLC will be treated as a reduction of the investment balance.

Note 1. Nature of Activities and Summary of Significant Accounting Policies (Continued)

Functional allocation of expenses: Certain costs of providing various program services and other activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services. Expenses that can be identified with a specific program or supporting service are allocated directly. Other expenses that are common to several functions are allocated by various statistical bases.

Use of estimates: The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could vary from the estimates that were used.

Commitments and contingencies: UC may periodically be involved in various legal proceedings. It is UC's policy to accrue amounts related to these legal matters if it is probably that a liability will be incurred and an amount is reasonable estimable. UC believes that any legal proceedings in which it is involved will not materially affect its financial position, future operating results or cash flows. However, it is reasonably possible that management's estimate could change in the future.

Reclassifications: Certain reclassifications have been made to the December 31, 2018 financial statements to correspond to the current year's format.

Accounting pronouncements adopted: In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities* (Topic 958)*: Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*, which is intended to clarify and improve current guidance about whether a transfer of assets is an exchange transaction or a contribution. The amendments in this ASU provide a more robust framework to determine when a transaction would be accounted for as a contribution under Subtopic 958-605 or as an exchange transaction accounted for under other guidance (for example, Topic 606). The amendments also provide additional guidance about how to determine whether a contribution is conditional or unconditional. The amendments in this ASU could result in more grants and contracts being accounted for as contributions than under previous U.S. GAAP. The Organization adopted the contributions received portion of the new standard effective for the year ended December 31, 2019, using the modified prospective method. The Organization will adopt the contributions made portion of the new standard when it is required during the year ending December 31, 2020. Based on management's review of its contributions, the timing of the amount of contributions recognized previously is consistent with how contributions are recognized under this new standard. Therefore, the adoption of this standard had no impact on the Organization's financial statements.

Upcoming accounting pronouncements: In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606). The core principle of the ASU is to recognize revenues when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity is expected to be entitled for those goods or services. ASU 2014-09 defines a five step process to achieve this core principle and, in doing so, it is possible more judgment and estimates may be required within the revenue recognition process than required under existing U.S. GAAP, including identifying performance obligations in the contract; estimating the amount of variable consideration to include in the transaction price; and allocating the transaction price to each performance obligation. The updated standard will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective and permits the use of either a full retrospective or retrospective with cumulative effect transition method.

Note 1. Nature of Activities and Summary of Significant Accounting Policies (Continued)

Upcoming accounting pronouncements (continued): In June 2020, the FASB issued ASU 2020-05, which defers the effective date of ASU 2014-09 one year making it effective, for private companies, for annual reporting periods beginning after December 15, 2019. The Organization elected to adopt ASU 2020-05 and has delayed implementation of issued ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606) for one year.

In February 2016, the FASB issued ASU 2016-02, *Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement.

In June 2020, the FASB issued ASU 2020-05, which defers the effective date of ASU 2016-02 one year making it effective, for private companies for annual reporting periods beginning after December 15, 2021. The Organization does not expect this guidance to have a significant impact on its financial statements.

In September 2020, the FASB issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. Not-for-profits will be required to provide additional information on the contributions of nonfinancial assets they receive under a new accounting standard issued. Contributed nonfinancial assets can include fixed assets such as land, buildings, and equipment; the use of fixed assets or utilities; materials and supplies, such as food, clothing, or pharmaceuticals; intangible assets; and recognized contributed services. The new ASU requires a not-for-profit to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets. The standard also requires a not-for-profit to disclose contributed nonfinancial assets recognized within the statement of activities, disaggregated by category that depicts the type of nonfinancial assets. For each category of contributed nonfinancial assets recognized, the standard requires a not-for-profit to disclose qualitative information about whether the contributed nonfinancial assets were either monetized or utilized during the reporting period. If they were utilized, a description of the programs or other activities in which those assets were used is required. The not-for-profit's policy (if any) about monetizing rather than utilizing contributed nonfinancial assets must also be disclosed as well as a description of any donor-imposed restrictions associated with the contributed nonfinancial assets. The FASB is requiring the standard to be applied retrospectively. The amendments take effect for annual reporting periods beginning after June 15, 2021, and interim periods within annual reporting periods beginning after June 15, 2022. Early adoption is permitted. The Organization is currently evaluating the full effect that the adoption of this standard will have on the financial statements.

Subsequent events: UC has evaluated all subsequent events through December 11, 2020, which is the date these financial statements were available to be issued. See Note 12 for a discussion of subsequent events.

Note 2. Liquidity and Availability of Resources

UC's financial assets available within one year of the combined statement of financial position date for general expenditures, are as follows:

	2019	2018
Cash and cash equivalents	**$ 678,065**	$ 1,006,471
Other receivables	**14,230**	16,373
Financial assets available to meet cash needs for general expenditures within one year	**$ 692,295**	$ 1,022,844

UC has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations become due.

UC is supported by contributions with donor restrictions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, UC must maintain sufficient resources to meet those responsibilities to its donors. These resources with a donor restriction may not be available for general expenditure within one year of the statements of financial position date.

Note 3. Investments Accounted for Using the Equity Method

The financial position and results of operations of the investments accounted for using the equity method as of and for the year ended December 31, 2019 are summarized below:

Condensed Balance Sheet Information as of December 31, 2019

	Investees holding commercial real estate	Investees holding financial assets	Investees holding nonfinancial assets
Total assets	**$ 16,465,711**	**$ 111,661,979**	**$ 49,512,922**
Total liabilities	**$ 16,463**	**$ 157,607**	**$ -**
Equity	**16,449,248**	**111,507,372**	**49,512,922**
Total liabilities and equity	**$ 16,465,711**	**$ 111,664,979**	**$ 49,512,922**

Results of Operations for Year Ended December 31, 2019

Results of operations	**$ 480,970**	**$ 1,260,657**	**$ 582,823**

Note 3. Investments Accounted for Using the Equity Method (Continued)

The financial position and results of operations of the investments accounted for using the equity method as of and for the year ended December 31, 2018 are summarized below:

Condensed Balance Sheet Information as of December 31, 2018

	Investees holding commercial real estate	Investees holding financial assets	Investees holding nonfinancial assets
Total assets	$ 15,973,058	$ 85,719,329	$ 48,530,099
Total liabilities	$ 11,258	$ 107,203	$ -
Equity	15,961,800	85,612,126	48,530,099
Total liabilities and equity	$ 15,973,058	$ 85,719,329	$ 48,530,099

Results of Operations for Year Ended December 31, 2018

Results of operations	$ 1,014,033	$ 612,221	$ 3,938,364

Note 4. Investments Held at Fair Value and Investment Return

Investment return consists of the following at December 31:

	2019	2018
Interest and dividends	**$ 653,931**	**$ 789,159**
Net realized gains	**1,874,662**	**160,073**
Net unrealized gains (losses)	**635,623**	**(3,067,217)**
Change in value of split-interest agreements	**156,152**	**(85,810)**
Investment fees	**(169,230)**	**(171,472)**
Total investment return	**$ 3,151,138**	**$ (2,375,267)**

FASB ASC 820, *Fair Value Measurements*, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that UC has the ability to access.

Note 4. Investments Held at Fair Value and Investment Return (Continued)

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

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset’s or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used must maximize the use of observable inputs and minimize the use of unobservable inputs.

UC believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, UC's assets at fair value as of December 30, 2019:

	Assets at Fair Value as of December 31, 2019			
	(Level 1)	**(Level 2)**	**(Level 3)**	**Total**
Investments, fair value				
Mutual Funds	**$ 7,635,813**	**$ -**	**$ -**	**$ 7,635,813**
Money Fund Accounts	**108,533**	**-**	**-**	**108,533**
EFT	**9,741,585**	**-**	**-**	**9,741,585**
REIT	**290,460**	**-**	**-**	**290,460**
Equity Securities, publicly traded	**1,545,066**	**-**	**-**	**1,545,066**
Annuities	**-**	**337,168**	**-**	**337,168**
	19,321,457	**337,168**	**-**	**19,658,625**
Split-Interest Agreements	**-**	**-**	**1,565,694**	**1,565,694**
Total assets in the fair value hierarchy	**$ 19,321,457**	**$ 337,168**	**$ 1,565,694**	**$ 21,224,319**

Note 4. Investments Held at Fair Value and Investment Return (Continued)

The following table sets forth by level, within the fair value hierarchy, UC's assets at fair value as of December 30, 2018:

	Assets at Fair Value as of December 31, 2018			
	(Level 1)	(Level 2)	(Level 3)	Total
Investments, fair value				
Mutual Funds	$ 6,060,001	$ -	$ -	$ 6,060,001
Money Fund Accounts	208,338	-	-	208,338
EFT	7,071,338	-	-	7,071,338
REIT	226,541	-	-	226,541
Equity Securities, publicly traded	8,358,865	-	-	8,358,865
Annuities	-	367,306	-	367,306
	21,925,083	367,306	-	22,292,389
Split-Interest Agreements	-	-	1,086,049	1,086,049
Total assets in the fair value hierarchy	$ 21,925,083	$ 367,306	$ 1,086,049	$ 23,378,438

The following table summarizes the changes during the year to Level 3 investment instruments for the years ended December 31, 2019 and 2018.

	2019	2018
	Split-Interest Agreements	
Balances, beginning of year	**$ 1,086,049**	$ 1,171,859
Additional Contributions	**323,493**	-
Realized and Unrealized Gains (Losses)	**156,152**	(85,810)
Balances, end of year	**$ 1,565,694**	$ 1,086,049

Note 5. Property and Equipment

Property and equipment consists of the following at December 31, 2019 and 2018:

	2019	2018
Collectibles	**$ 167,050**	$ 167,050
Furniture, Fixtures & Office Equipment	**21,758**	21,758
	188,808	188,808
Less accumulated depreciation	**(14,374)**	(10,023)
Property and equipment, net	**$ 174,434**	$ 178,785

Note 6. Net Assets with Donor Restrictions

Net assets with donor restrictions consist of the following at December 31:

	2019	2018
Purpose Restricted Charitable Programs	**$ 184,551,156**	$ 165,820,707

Net assets were released from restriction during the years ended December 31, 2019 and 2018 through satisfaction of the following purpose restrictions:

.	**2019**	2018
Purpose Restricted Charitable Programs	**$ 13,490,544**	$ 6,488,001

Note 7. Charitable Programs and Donor Advised Funds

Each program approved by UC's Board becomes a Charitable Program. At December 31, 2019 and 2018, UC had approximately 113 and 144 Charitable Programs, respectively. Revenue primarily represents contributions made by the general public and contributions and fees received for Charitable Programs approved by the Board. The Program Manager, who is not a contributor, may nominate contributions or gifts received by UC for a particular charitable use. Unexpended amounts are treated as net assets with donor restriction. Amounts designated for Charitable Programs approximate $2,758,560 and $9,200,200 for December 31, 2019 and 2018, respectively. Upon establishment of a Charitable Program, a one-time application fee of $1,000 and an administrative fee of eight to twelve percent of each incoming donation are generally assessed by UC. Beginning June 1, 2016, a $500 annual insurance fee was assessed causing a drop in the overall number of Charitable Programs. Each Charitable Program that participates in UC's investment program is charged an administration fee of 0.25 percent of the average balance of each quarter.

At December 31, 2019 and 2018, UC had approximately 410 and 430 donor advised funds. Net assets primarily represent the initial contribution made by the founder and contributions and fees received for donor advised funds approved by the Board. The donor may nominate contributions or gifts received by UC for a particular charitable use. Unexpended amounts are treated as net assets with donor restriction.

Note 8. Retirement Plan

All UC employees who have been employed by UC for ninety days are eligible to participate in a 401(k) plan. UC made retirement plan contributions of $30,766 and $27,154 for the years ended December 31, 2019 and 2018, respectively.

Note 9. Leases

UC entered into a new agreement to lease office space in McLean, Virginia in February 2016 which continues for five years and five months. The terms of the lease agreement require base monthly payments currently of $7,136, increasing three percent each year. The lease is also subject to operating cost increases and real estate tax increases.

UC also leases its management software under an operating lease.

Future minimum lease payments as of December 31, 2019 are as follows:

Years Ending December 31,	Amount
2020	$ 90,843
2021	93,569
Total minimum lease payments	$ 184,412

Note 10. Related Party Transactions

UC controls a Type I Supporting Organization. UC received contributions of $67,252 and $624,264 from the supporting organization for the years ended December 31, 2019 and 2018, respectively. Shared expenses, which were reimbursed to UC, were $0 and $48,011 for the years ended December 31, 2019 and 2018, respectively. UC had an amount due from the supporting organization of $306,555 for the years ending December 31, 2019 and 2018.

UC has issued a $1,000,000 line of credit to the supporting organization, which is unsecured and due on demand. There was no outstanding balance at December 31, 2019 and 2018. Interest is at two percent. Related interest income was $-0- for the years ended December 31, 2019 and 2018.

UC has an officer in common with one other nonprofit organization. UC had no transactions with the nonprofit organization for the years ended December 31, 2019 and 2018. UC had no amounts due to or due from the nonprofit organization as of December 31, 2019 and 2018.

UC also has an officer that is a trustee of a charitable remainder trust that has made contributions to UC in the form of a split-interest agreement. No contributions were made for the years ended December 31, 2019 and 2018. The net present value of the split-interest agreement is $1,565,694 and $1,086,049 as of December 31, 2019 and 2018, respectively.

Note 11. Restatement

Net assets and investments, equity method as of January 1, 2018 were restated to reflect the change in accounting method for investments in CFLP/LLC from the lower of cost or net realizable value to equity method.

	Previously Stated Balance	Restatement Adjustments	Balance as Restated
Statement of Financial Position			
Investments, equity method	$ 137,145,178	$ 3,167,209	$ 140,312,387
Statement of Activities			
Gain from equity method investee	492,783	5,508,972	6,001,755
Net Assets as of Decmeber 31, 2017	99,075,704	(2,341,763)	96,733,941
Net Assets as of December 31, 2018	165,799,655	3,167,210	168,966,865
Change in Net Assets, year ended December 31, 2018	66,723,951	5,508,973	72,232,924

Note 12. Subsequent Events and COVID-19 Disclosure

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern" and on March 11, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, and quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries, including the geographical area in which the Company operates. While it is unknown how long these conditions will last and what the complete financial effect will be to the Company, to date, the Company is expecting to experience declining revenues; labor shortages; and significant changes in the fair value of assets or liabilities. The Company's concentrations due to major customers make it reasonably possible that it is vulnerable to the risk of a near-term severe impact.

Additionally, it is reasonably possible that estimates made in the financial statements have been, or will be, materially and adversely impacted in the near term as a result of these conditions, including expected credit losses on receivables.

On May 7, 2020, UC was granted a loan (the Loan) from Wells Fargo in the aggregate amount of $180,633, pursuant of the Paycheck Protection Program (PPP) under Division A, Title I of the CARES Act, which was enacted March 27, 2020.

The Loan was in the form of a note dated May 7, 2020, which matures on May 7, 2022 and bears interest at a rate of 1.0% per annum, payable monthly commencing on December 8, 2020. The Loan may be prepaid by the Company at any time prior to maturity with no prepayment penalties. Funds from the Loan may only be used for payroll costs, costs used to continue group health care benefits, mortgage payments, rent, utilities and interest on other debt obligations incurred before February 15, 2020. The Company intends to use the entire Loan amount for qualifying expenses. Under the terms of the PPP, certain amounts of the Loan may be forgiven if they are used for qualifying expenses as described in the CARES Act. UC currently believes that its use of the loan proceeds will meet the conditions for forgiveness of the loan, but cannot be assured.