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Our Mission

UNCF envisions a nation where all Americans have equal access to a college education that prepares them for rich intellectual lives, competitive and fulfilling careers, engaged citizenship and service to our nation.

UNCF's mission is to build a robust and nationally recognized pipeline of underrepresented students who, because of UNCF support, become highly qualified college graduates and to ensure that our network of member institutions is a respected model of best practices in moving students to and through college.

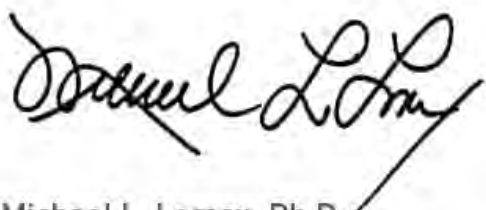
UNCF's North Star is to increase the total annual number of African American college graduates by focusing on activities that ensure more students are college-ready, enroll in college and persist to graduation. This is done through a three-pillar strategy:

- Positioning member institutions as a viable college option for students and investing in institutional capacity to improve student outcomes.
 - Creating transformational support programs to ensure that students are enrolling and persisting through college completion.
 - Building awareness of educational attainment and cultivating college-going behaviors within the African American community.
-

Building a Pipeline of Change: Our 76 Years of Success Have Made a Difference for So Many and Many Yet to Come

Dear Friend, Welcome to UNCF's 2020 fiscal year Annual Report. Seventy-six years of success. Seventy-six years of impact. Seventy-six years of lives tremendously changed. Seventy-six years of endowing America with talented young people who otherwise would not have been able to share their gifts with us unless you and your support of UNCF had not made it possible. We write this letter, amazingly enough, on the heels of our most successful years ever, our 75th anniversary, which has rung in yet another amazing journey for us—our 76th year. Success thankfully begets success, as we are now able to tell the story of major new opportunities that have continued to open up for our organization, such as the ["Panda Cares Foundation Expands its UNCF Footprint."](#) Greg Cunningham, one of our newest UNCF Board of Directors members, is featured in this edition of the Annual Report. His story, ["Why I Support UNCF,"](#) is a pull-'em-up-by-the-bootstraps-tale, describing how he started from being a UNCF scholarship recipient and student attending UNCF-member HBCU Clark Atlanta University, to being a UNCF staff member, to being a UNCF volunteer and fundraiser, to now sitting as a member of the UNCF Board of Directors. Why has he stuck with us and shown us such love? He says it's because "Receiving a scholarship from UNCF and attending an HBCU was just a validation of self-worth and what was possible when you're in a community that is culturally validating." This year, UNCF also actively led, managed and secured permanent funding of federal STEM programs for HBCUs by Congress through the [FUTURE Act: "Seeing the FUTURE and Making it Pass."](#) And UNCF research provides K-12 schools insights on how to teach Black and Brown children through the lessons they've gleaned from years they've been teaching college students: ["New Report Helps Pass on HBCU Wisdom to Empower Student Success across K-12 Grades."](#) Our 76 years of success wouldn't be possible without the support of the many donors and supporters, big and small who really put their belief in us to work. At 92-years-young and ["Nearly 50 Years' A Volunteer,"](#) former Indianapolis WRTV anchorwoman Barbara Boyd is still actively working to raise funds for our students and HBCUs. Supporters like Oprah Winfrey made a smashing impression by doubling the donations from the UNCF Charlotte Maya Angelou Women Who Lead Luncheon (["Making an Impact No One Will Forget"](#)); Toi Salter, a Chicago volunteer, single-handedly used her connections to bring in more than \$1 million in donations (["A Million Dollars and More Through the Power of One"](#)); and Reboot Representation Tech Coalition, a group

that partnered with UNCF to begin a large, new, Black woman-focused computer programming scholarship and mentorship program ([“Black Females Moving Forward in Computing Program Launched”](#)), are some of the many who change lives everyday through their support of UNCF. Generous support from private individuals, corporations, foundations, churches and other groups, both financial and otherwise, has fueled these stories we report now. Your belief in us has shaped our organization’s trajectory, making it so that we have had yet another successful year to report to you, our friends, believers and donors. As you read through the articles within this Fiscal Year 2020 Annual Report, know that the investment of your time, talent and treasure is well-placed in us and valued because we are using all of it to develop the next generation of diverse American college-educated talent to lead us all to better futures. Whether you’ve invested in UNCF’s schools and students for years, or this is the first time you’re considering helping us send talented, deserving students to and through college, let our 76 years of success inspire you to make our indelible motto, “A mind is a terrible thing to waste”®, your own.



Michael L. Lomax, Ph.D.
President and CEO, UNCF



William F. Stasior
Chair, UNCF Board of Directors

IMPACT

UNCF: A Big American Idea that Became a Reality



THE 76TH NATIONAL UNCF "A MIND IS..." GALA WAS MADE POSSIBLE BY MAJOR SPONSORS AND PARTNERS LIKE PROCTER AND GAMBLE, WHICH RECEIVED THE UNCF KEEPERS OF THE FLAME LEGACY AWARD. PICTURED (FROM L TO R) ARE BARRON WITHERSPOON, DAVID TAYLOR, TAMARA THOMAS, MONICA TURNER, DR. MICHAEL L. LOMAX, SHELLY MCNAMARA, PAUL GAMA, AMY ROBERTI, CRYSTAL HARRELL AND TERENCE MOORE.



SPEAKER OF THE U.S. HOUSE OF REPRESENTATIVES NANCY PELOSI ATTENDED THE NATIONAL UNCF "A MIND IS..." GALA IN HONOR OF HER COLLEAGUES U.S. REP. JOHN LEWIS (D-GA) AND U.S. REP. JAMES CLYBURN (D-SC), WHO BOTH RECEIVED THE UNCF FREDERICK D. PATTERSON AWARD DURING THE EVENT.



DURING THE CELEBRATION, DR. MICHAEL LOMAX ANNOUNCED THE RETIREMENT OF RUST COLLEGE PRESIDENT DR. DAVID L. BECKLEY, WHO LEFT HIS POST AFTER 26 YEARS AT THE TOP OF THE HOLLY SPRINGS, MS, INSTITUTION.



THE UNCF FREDERICK D. PATTERSON AWARD WAS PRESENTED TO U.S. REP JAMES CLYBURN (D-SC) AND U.S. REP. JOHN LEWIS (D-GA) FOR THEIR CONTRIBUTIONS TO HIGHER EDUCATION AND CIVIL RIGHTS. ACCEPTING ON THEIR BEHALF WERE MIGNON CLYBURN, REP. CLYBURN'S DAUGHTER, AND U.S. REP. ANDRÉ CARSON (D-IN). ALSO ON STAGE (FROM LEFT TO RIGHT) WERE DR. MICHAEL LOMAX, UNCF BOARD MEMBER MILTON H. JONES JR., SPEAKER NANCY PELOSI, UNCF BOARD MEMBER AND TALLADEGA COLLEGE PRESIDENT BILLY HAWKINS, FORMER FISK UNIVERSITY PRESIDENT DR. KEVIN ROME AND SHAW UNIVERSITY PRESIDENT DR. PAULETTE DILLARD.



YOUNG MEN FROM THE KIPP DC – COLLEGE PREPARATORY ACADEMY PUBLIC CHARTER SCHOOL GAVE A SPECIAL LIVE PERFORMANCE FROM THE BROADWAY PLAY, “NEWSIES,” DURING THE 76TH NATIONAL UNCF “A MIND IS...” GALA.

When Dr. Frederick D. Patterson, Mary McLeod Bethune, John D. Rockefeller and other legendary American education, business and social leaders came together in 1944 in New York City to incorporate the United Negro College Fund in April 1944, their vision was to fuel historically Black colleges and universities (HBCUs) across the United States far into the future—all the while not knowing how long the mission would last or how many lives it would touch.

Originally, UNCF supported 27 colleges. The goal was simple—make it easier for the smaller, underfunded HBCUs to continue to educate a largely Black constituency that had few to no other college options because African American contributions to American society were sorely needed—and at all levels. And UNCF was a success from the very beginning. The first annual campaign in 1944 raised \$765,000—an amount three times more than what was raised by the individual colleges through separate fundraising campaigns in the previous year. In their wildest dreams, UNCF’s founders could not have foreseen the success of this fundamentally big American idea that became a reality. In 2019, UNCF—having stood the test of time—turned 75. Since those heady early days, many things have changed. From 27 member institutions to 37. From a few thousand students annually attending its HBCUs to 55,000. Add to that, an additional 5,000-plus students who get scholarships who aren’t attending UNCF-member HBCUs, and UNCF annually supports more than 60,000 students in total. To commemorate the year, UNCF launched a series of 75th anniversary events all year long, raising awareness about how it has worked tirelessly to enable as many students to get to and through college as possible. UNCF conducted 63 events, raising an unprecedented \$14 million in unrestricted revenue. That amounts to more than 8,000

students earning their degrees during the most recent academic year. Remarkable, one might say. But it doesn't end there. In its 75 years, UNCF has raised over \$5 billion in donations—gifts—from supporters, both large and small, across the spectrum of the United States. And through those billions of gifted dollars, it has helped more than half a million students earn their college degrees. Quite an accomplishment—and quite a reason to come together to celebrate. So, on March 5, 2020, UNCF officially wrapped up its 75th anniversary celebration efforts during its National “A Mind Is...” Gala, in Washington, DC, at the Wardman Park Marriott Hotel, recognizing all that has been and launching a vision of what is yet to come. Among the many tributes and honorees supporting UNCF over its decades of work were the Top Ladies of Distinction, Procter and Gamble and Lilly Endowment, Inc. Also marking the event were two significant tributes to national civil rights leaders and federal lawmakers, U.S. Rep. John Lewis (D-GA) and U.S. Rep. James Clyburn (D-SC). Speaker of the House of Representatives Nancy Pelosi attended the event, showing her respect for both UNCF and the honorees. “It is a great honor to join the friends and leaders of UNCF to recognize two of our nation’s most extraordinary civil rights champions, Whip James Clyburn and the Conscience of the Congress, Congressman John Lewis, in this year that marks 55 years since the march from Selma,” said Speaker Pelosi. “As we observe this milestone and celebrate 76 years of UNCF’s outstanding success, we must all recommit to the fight to expanding opportunities and advancing justice for communities of color and for all Americans, and to building the more perfect union that generations of courageous Americans have sacrificed to build.” To punctuate 75 years and the national commemoration, UNCF President and CEO Dr. Michael Lomax added his thoughts to the evening. “As the story goes, the great African American poet Langston Hughes—another HBCU graduate—was working as a busboy here at the Wardman Park Hotel when he was discovered in 1925 by poet Vachel Lindsay. “So you might say that it is poetic justice that 95 years later, an organization dedicated to educating African American poets—and teachers and scientists and businesspeople—would have raised more than \$5 billion in 75 years, would have helped graduate more than 500,000 students, and would be awarding more than 10,000 scholarships a year worth \$100 million. “And would be a powerful and laser-focused advocate for its 37 private HBCUs, and one of the nation’s most effective advocates for all HBCUs. “Or that taken in aggregate, HBCUs would become an economic engine generating almost \$15 billion in annual economic impact, and \$130 billion in lifetime earnings for each HBCU graduating class? “I think Langston Hughes would have been proud. And we hope that all of you are too.” So, with more than 75 years of remarkable history, accomplishments and impact under its belt, UNCF now leans into the future, knowing that it remains the vital, necessary higher education dynamo that began all those years ago as a big American idea—an idea that has stuck with us because it works, and it does what it says it will do: empower needy, deserving students to get and through college successfully.

Benedict College Shows its Tiger Pride as “HBCU of the Year”



BENEDICT COLLEGE'S CHAPEL AT CLACK PLAZA



DR. ROSLYN CLARK ARTIS TALKS TO STUDENTS ON THE BENEDICT COLLEGE LIBRARY PLAZA



DR. ROSLYN CLARK ARTIS, PRESIDENT, BENEDICT COLLEGE



STUDENTS USE COMPUTERS AT THE UNCF CAREER PATHWAYS INITIATIVE NODE AT BENEDICT COLLEGE

U NCF-member HBCUs are laboratories of greatness and deliver a huge amount of impact for their size—or as we at UNCF like to say, they “punch above their weight.” And Benedict College located in Columbia, SC, is continuing that tradition.

In August 2019, Benedict received the top honor of “HBCU of the Year” at the annual HBCU Awards ceremony hosted by HBCU Digest. After the announcement, Benedict College President and CEO Dr. Roslyn Clark Artis said, “...the receipt of the coveted ‘HBCU of the Year’ Award, reflect[s] the hard work and commitment of the entire Tiger Pride! Now, the rest of the world knows that we are collectively, ‘TheBESTofBC.’” The overall purpose of the HBCU Awards, according to HBCU Digest, is to reflect the vision,

innovation and progress of the entire campus community. How did the small UNCF-member college win such a prestigious honor? In part, Benedict successfully implemented a new tuition pricing model that reduced the cost of attendance for students by more than \$6,000 per year. Benedict was the first HBCU to significantly reduce its tuition in decades. While making Benedict more affordable was just one accomplishment, the admission standards were also increased, and enrollment records exceeded each of the two prior years. With its increased admissions standards, Benedict was able to enroll three high school valedictorians, improve its student profile and increase its retention rates. To celebrate the honor of being named “HBCU of the Year,” the Benedict staff and student body gathered for a rally to cheer on their college campus. Leading the cheers of the crowd was Benedict’s Student Government Association President Jordan Rice Woodruff, who shouted out, “I cannot think of a better way to start our school year than to be the reigning ‘HBCU of the Year!’” “It was an honor to be in the midst of HBCUs across the country and to celebrate our achievements in academics, sports and individual achievements, and that makes our win extra special,” said Dr. Emmanuel Lalande, vice president of enrollment management for Benedict College. Benedict College was nominated in six categories in 2019, including “Female President of the Year,” the third consecutive nomination for Benedict’s President Artis, who won that honor in 2018. “I am so excited to be a member of the BC family. And I am especially excited to work hard this year so that we can come back next year because ‘TheBESTofBC’ is still yet to come!” said Joana Arauz, recruiter for Benedict College. Benedict also has an innovative Summer Bridge Program, a five-week, academic and leadership development program designed to provide a seamless transition for recommended first-year students to get an early start on preparing for success in college; improved academic support services; cutting-edge science, technology, engineering and mathematics programs; renowned visual and performing arts programs; and an award-winning UNCF Career Pathways Initiative®. And, the advancement of Benedict has not gone unnoticed by its alumni. According to Dr. Artis, “Benedict Alumni are among the most generous and dedicated HBCU alumni in the country, donating over \$1 million per year for four consecutive years.” To top off its achievements for the year, Benedict College was also awarded the 2019 American Council on Education Fidelity Investments Award for Institutional Transformation. The award recognizes institutions across the United States that have responded to higher education challenges in innovative and creative ways and achieved dramatic changes in a brief period. Benedict was the second historically Black college or university and the first private college to receive this national recognition. With such phenomenal achievements, Benedict’s progress can only continue skyward—progress that delivers impact which makes a difference for students, empowering them to compete and succeed across the globe. Benedict’s work, much like the work of all other UNCF-member HBCUs, truly is an investment in better futures for us all.

UNCF's Portfolio Project Empowering Students to Successfully Complete their Applications to Get to College



MENTORS ARE AN IMPORTANT PART OF THE UNCF PORTFOLIO PROJECT, WORKING ONE-ON-ONE WITH THE STUDENTS DURING THEIR BOOT CAMP SESSIONS TO HELP THEM UNDERSTAND HOW TO GET TO AND THROUGH COLLEGE SUCCESSFULLY.



STUDENTS ATTEND AN ORIENTATION SESSION ABOUT THE UNCF PORTFOLIO PROJECT.



A GROUP LEARNS ABOUT THE FINANCIAL AID PROCESS DURING ONE OF THE UNCF PORTFOLIO PROJECT SESSIONS.



UNCF PORTFOLIO PROJECT SCHOLARSHIP RECIPIENTS RECEIVE THE RECOGNITION THEY DESERVE FOR THEIR HARD WORK BEFORE THEY LAUNCH INTO THE NEXT STEPS OF THEIR LIVES—COLLEGE.



STUDENTS CELEBRATE AT THE END OF AN EXCITING YEAR OF WORKING WITH THE UNCF PORTFOLIO PROJECT.

Anyone who's ever applied to college, or helped a friend or relative apply, knows what a challenge it can be—communicating to colleges and financial aid providers a full and compelling portrait of everything a student would bring to his or her education. And for first-generation learners—students like most UNCF students, who are the first in their family to attend

college and don't have easy access to guidance and advice from parents and siblings that many can take for granted—it is even more of a challenge.

Those are the students that UNCF Seattle's Portfolio Project was made for. The UNCF Portfolio Project was launched in 2006 as a community partnership between a variety of organizations, all working to assist 11th and 12th grade students through the college and scholarship application process and increase the number of minority students from Oregon and Washington applying to college. The Portfolio Project provides 11 weekly Saturday "boot camp" sessions that expose underrepresented high school juniors and seniors to scholarship opportunities and local colleges, universities and historically Black colleges and universities. The boot camps also help students choose a college or university and guides them through the scholarship application process and provides Princeton Review SAT preparation. Sessions are facilitated by UNCF staff, educators, resource providers, current college students and alumni. Each student is paired with a mentor that helps guide them on how to get to and through college. More than 500 mentors have helped the Portfolio Project serve more than 1,000 students, achieve an 85% rate of college acceptance and help students in Washington and Oregon escape what could have been an educational dead end. That's certainly an investment in better futures.

IMPACT

Seeing the FUTURE and Making it Pass: UNCF Leads the Way to Permanent Federal Government STEM Funding for HBCUs



Thursday, Dec. 19, 2019, delivered a victory for UNCF and many of its students like no other. President Donald Trump signed a first-of-its kind federal law, the FUTURE Act, extending mandatory federal funding for historically Black colleges and universities (HBCUs), tribal colleges and universities (TCUs), Hispanic-serving institutions (HSIs) and other minority-serving institutions (MSIs) to increase their science, technology, engineering and mathematics (STEM) programs and abilities.

This victory was long in coming, as UNCF and several partner organizations had mounted a months-long campaign to urge Congress to ensure federal funding for STEM-related programs—programs at these smaller institutions that attract students and produce degrees that earn high-dollar jobs later in life. STEM programs also help attract additional research funding which brings further investment to institutions that

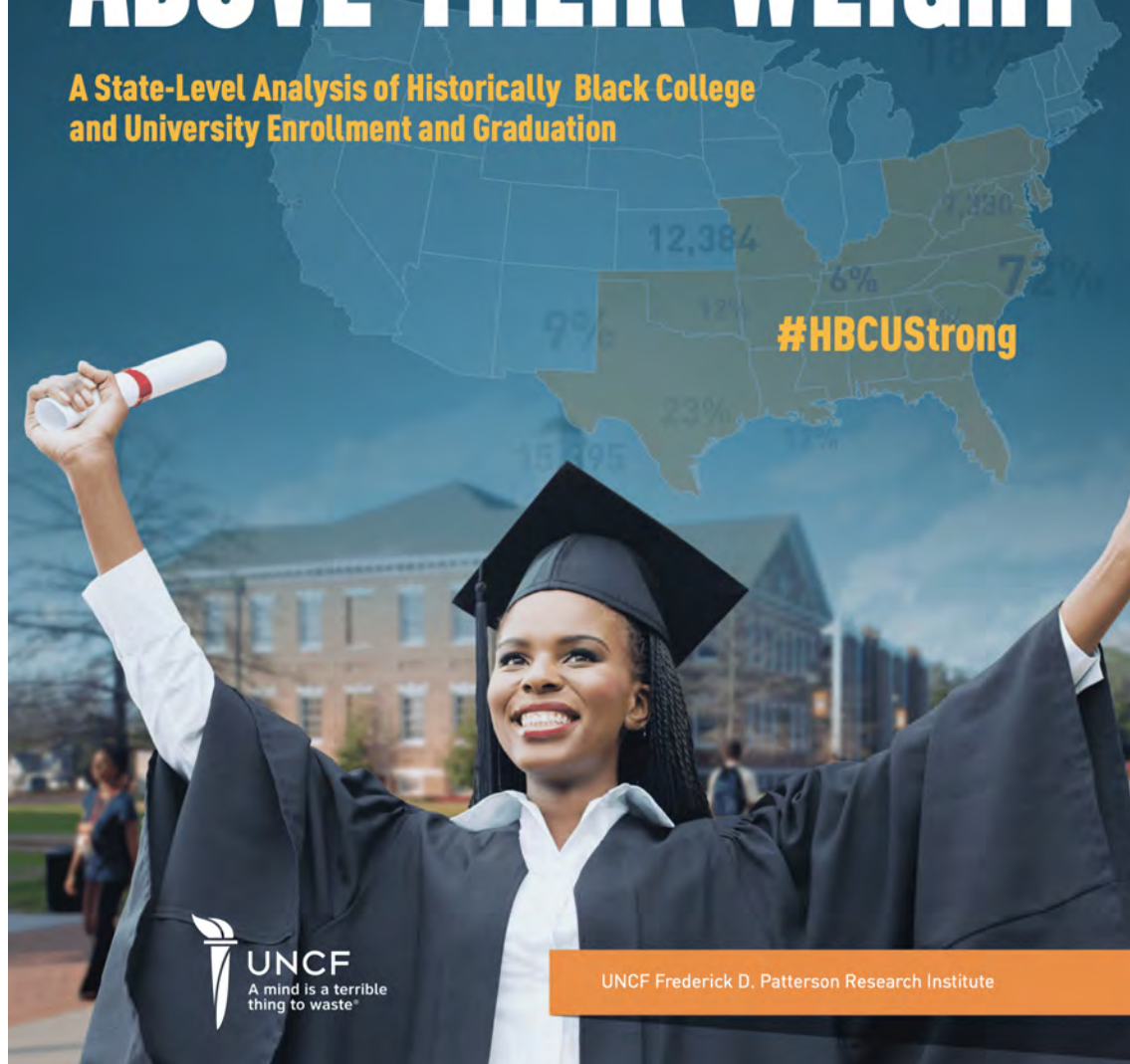
have STEM programs—so having federal funding is crucial to smaller colleges and universities like HBCUs. What led the way to that victory was a small investment from a donor to UNCF, earmarked specifically for this purpose, that allowed the organization to begin an email letter-writing campaign to Congress. After creating a website with the proper tools for people to use and some social media exposure, the campaign quickly took off and soon letters were pouring in. “We were really surprised at the responses we were getting,” said Lodriguez Murray, UNCF’s senior vice president for public policy and government affairs. “It was just a deluge of letters. We quickly found out that people really cared about this issue.” The campaign began in September 2019 with emails sent to lists gathered by UNCF and several coalition partners. Press releases were sent out alerting users to a website where they could send emails and sign-up for more information about the campaign. As they joined the email list, more requests to activate and contact Congress were sent out based on the actions of the week, day or even the hour. Marshalling the forces who had joined the email campaign, UNCF ensured the pressure on and the contacts to Congress continued to grow. Within four months, more than 65,000 emails had been sent to Capitol Hill alerting federal Representatives and Senators just how much HBCUs truly needed to get their support and to get federal funding for STEM programs. “This was a success like no other. They just don’t pass standalone bills like this very often,” Murray explained. “The last time they did this for something related to HBCUs was in 2000, so this was something special. Standalone bills like the FUTURE Act that focus solely on minority populations and have a substantial benefit to HBCUs rarely pass Congress. They usually become part of larger, must-pass pieces of legislation; however, the FUTURE Act stood on its own two feet. This is a once-in-a-generation occurrence, and UNCF couldn’t be prouder to make a difference for HBCUs and our students.” And, that UNCF success is the kind of victory that ensures a better FUTURE for all of us.

IMPACT

The Frederick D. Patterson Research Institute: A ‘Force Multiplier’ Expanding for Greater Impact

HBCUs PUNCHING ABOVE THEIR WEIGHT

A State-Level Analysis of Historically Black College and University Enrollment and Graduation



Research is often thought of as a dry topic, but for UNCF, it has often the basis of how the organization moves mountains. How UNCF is able to inform public policy, shape funding pitches great and small or urge private donors to invest in the needs of historically Black colleges and universities (HBCUs) is dependent on factual, in-depth information provided through the solid study of the African American educational landscape. But, much like other areas touching the Black experience, the depth of research on African American higher education has often been found to be fairly shallow over the years.

To remedy this, UNCF created the UNCF Frederick D. Patterson Research Institute (FDPRI)—named for the founder of UNCF and former Tuskegee University president—in 1996, producing significant outcomes during its 20-plus years of work. From its early signature publication—the African American Data Book Series—to recent landmark reports, *HBCUs Make America Strong: The Economic Impact of Historically Black Colleges and Universities* and *HBCUs Punching Above Their Weight*, FDPRI has been the “force multiplier” providing data to help numerous UNCF operations powerfully make the case for the organization’s work and to clearly enunciate the HBCU value proposition. “We believed that UNCF needed to have its own research authority,” said Dr. Michael L. Lomax, UNCF’s president and CEO. “When I arrived here in 1994, I made establishing the Frederick D. Patterson Research Institute a top priority because having our own team of dedicated researchers to understand and author the data on how African American students and our HBCUs perform is vital to improving the problems for our community and constituents.” While FDPRI has produced analysis, reports and other publications that have helped to shift the HBCU narrative and convey UNCF’s impact on its students and other stakeholders, it has always been limited in what it could do and more work remains. The Institute, relying on a small, highly focused staff, has had to punch above its weight, much like the HBCUs it works to defend, never having more than four employees at any one time. But thanks to funding from the Bill and Melinda Gates Foundation and partnering internally with UNCF’s Institute for Capacity Building (ICB), FDPRI’s staff has expanded over the past year. This partnership, via a major grant program, has deeply integrated the work of FDPRI and ICB in a complimentary manner that allows each team to provide source material for the other. The partnership has also provided grant support—literally a force multiplier—that allowed FDPRI to expand its staff and, subsequently, its impact across UNCF. This was evidenced through the launch of a major research initiative entitled, “The HBCU Effect,” a website platform and framework to convey the HBCU value proposition more powerfully through research and evidence. Dr. Lomax, seeing the progress of this landmark and looking to its future, sums up the FDPRI mantra. “As the 25th anniversary of the Frederick D. Patterson Research Institute nears, the team has never been stronger and has great plans ahead. We wanted to be THE authority for African American higher education data, and I think we’ve certainly moved the needle in that direction.”

INNOVATE

Uncovering More of our HBCU Truth: UNCF Introduces “The HBCU Effect”®

JOIN THE CONVERSATION

Achieving Equity Through HBCUs Twitter Chat

Thursday July 23, 2020 | 4PM - 5PM EST

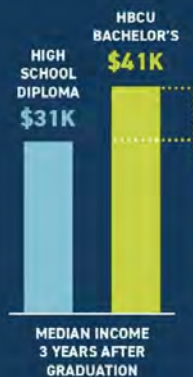
Question 7:

What other questions should we be asking as it pertains to the outcomes for Black students? What discussions should follow this panel?

#HBCUEffect



UNCF.org/HBCUEffect

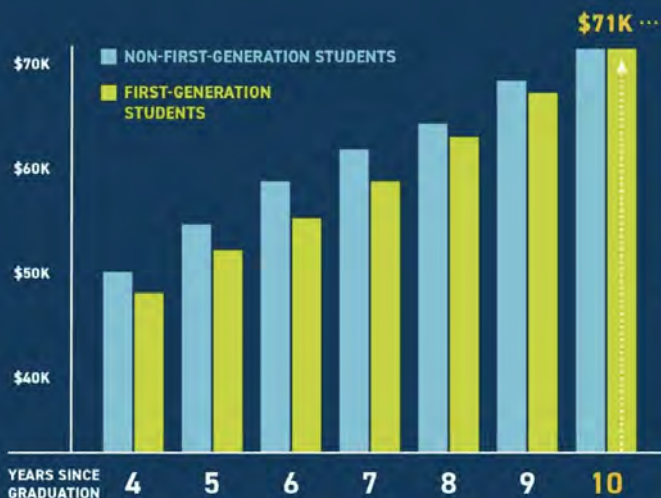


3 YEARS after graduation,
HBCU students earn

\$10,000 MORE

than students with only a
high school diploma.

SOURCES: .i! Emsi EQUIFAX



10 YEARS after completing
a degree at an HBCU,
first-generation students'

**INCOME IS
ON PAR**

with non-first-generation
students.

SOURCES: .i! Emsi EQUIFAX



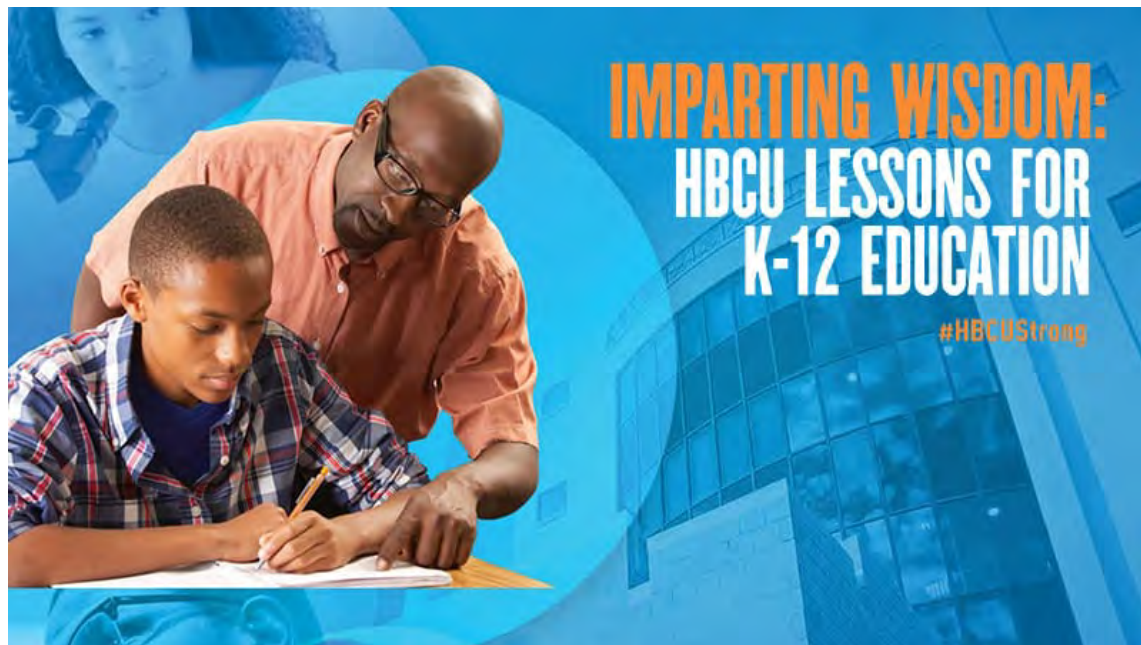
America's historically Black colleges and universities (HBCUs) were founded to educate Black citizens who were prevented from attending predominantly white institutions of higher education. Four HBCUs that persist today were founded prior to the Civil War (Cheyney University of Pennsylvania, University of the District of Columbia, Wilberforce University and Lincoln University); however, post-emancipation, HBCUs rapidly spread across the southeastern United States, with most of the earliest institutions providing the necessary educational needs of the day: vocational and teacher training. In fact, the first Southern HBCU, Shaw University, was founded in 1865 in Raleigh, NC. Today, more than 90% of these important and distinct institutions remain rooted in southern states.

Over the subsequent century and a half, HBCUs have been indispensable to the larger Black experience in America, simultaneously shaping the broader tapestry of the country. Despite attacks that question their purpose in today's society, they are beloved by those who are their beneficiaries. Despite never having adequate resources, they have continued to educate a significant portion of America's Black middle class. And despite the constant myths and mistruths that constantly circulate about them, HBCUs press forward with a mission as urgent today as it was 150 years ago. Their steadfast mission to serve underserved communities was evident in the wake of the COVID-19 pandemic as HBCUs across the nation mobilized to provide shelter, operate food pantries and offer financial relief for not only their students, but local communities. As they have in the past, HBCUs today continue to give back to the community at large in more ways than just through education. These vital institutions, and the communities they serve, deserve more accurate portrayals, deserve more resources and deserve to have their full purpose and impact shared and explained responsibly. In our efforts to serve these institutions, students and communities, UNCF through its Frederick D. Patterson Research Institute (FDPRI) launched a body of work called "The HBCU Effect," with the purpose of housing and distributing HBCU-focused research studies. "The HBCU Effect"® demonstrates the historical and present-day impact of institutions that, despite being tremendously under-resourced—combating historical underfunding, inadequate endowments, biased media messaging that either ignores the institutions or lazily reports uniformed and inaccurate information with little to no context of institutional history, inequitable data reporting practices, and serving largely underserved populations—continue to successfully serve a substantially low-income and first-generation student population which has largely been left behind by the K-12 system. HBCUs consistently overproduce, accounting for only 3% of public and not-for-profit institutions, yet enroll almost 10% of African American college students nationwide, while yielding 17% of the bachelor's degrees and a quarter of the STEM degrees earned by Black students. Decades of historical and contemporary research tell us that HBCUs have been and continue to be the catalyst for educational, economic, cultural and societal gains for African Americans and, to a degree, the rest of the nation and the world. Preparers of the Black professional class, providers of economic opportunity in their communities, molders of cultural originality and cauldrons of intellectual unrest that spurred the evolution of American society, HBCUs have been among the most American of institutions by educating citizenry who have held the country accountable to its founding ideals and principles. At this moment in the country's history and given the nature of the public discourse related to social justice, UNCF believes understanding the work of HBCUs is increasingly critical—especially in light of the incomplete portrayals of HBCUs—as the world seeks the example of institutions that have been toiling in the face of significant opposition since their founding. They are a light in the darkness, or in this case, they are "The HBCU Effect."®

Current and Upcoming Research

To highlight the under-researched ideas, FDPRI, through a partnership with EMSI/Equifax, gathered support arguing the necessity to learn more about HBCUs and their outcomes. Data from a 2019 study of private and public HBCUs highlighted a few important outcomes. First, data demonstrated the value of a college education in helping Black students climb the economic ladder, revealing that just three years after graduation, HBCUs students earn \$10,000 more annually than students with only a high school diploma. Similarly, the data shows that just as HBCUs greatly affect the socio-economic mobility of their students. Data illustrates that though 70% of HBCU students are federal Pell Grant-eligible, on average, HBCU graduates' incomes surpass the Pell eligibility threshold (being \$50,000) just six years after graduating, demonstrating the positive effect HBCUs have on intergenerational socio-economic mobility. Even more compelling, FDPRI found that HBCUs are closing persistent outcomes gaps with first-generation colleges students. Though first-generation students often have a more difficult time navigating college and securing a job upon graduation, within a decade of completing their degree first-generation graduates' incomes are on par with non-first-generation graduates, and in some cases surpass the median income levels of their non-first-generation peers. To further explore these initial findings, FDPRI launched a series of studies in 2020 with the intent to release some preliminary analysis of data in the form of articles, blog posts, podcasts, opinion pieces, reports and essays that present a counternarrative establishing HBCUs at the center of African American success and higher education innovation. These will validate and promote a complete picture of HBCUs, highlighting the value and competitiveness of the storied institutions. A few studies slated to be released in 2021 and 2022 include a collaboration with Opportunity Insights from Harvard University to understand more about the economic mobility of African American students at HBCUs; a partnership with the Association of American Medical Colleges to explore the connections between HBCUs and outcomes for Black doctors; an HBCU alumni study of peer network development and workforce outcomes; and finally, an oral history research study documenting HBCU involvement in social justice movements. Unlike the cadre of deficit-focused articles circulating about HBCUs, the reporting of these studies will include contextualized and disaggregated data which considers student body, history and purpose. In other words, data that isn't correctly used and corrected to account for the differences in student populations causes HBCUs look less successful than they really are—undermining the HBCU value proposition. Bad data, as “The HBCU Effect”[®] points out, often supports funding mechanisms which largely punish HBCUs for serving low-income students of color. As yet another tool in the toolbox, FDPRI has created “The HBCU Effect.”[®] The goal is not only to present a counternarrative that situates HBCUs at the center of Black American success and higher education innovation, but also to serve as a model of equitable higher education research for a field with growing interest in better serving students of color. And, that is an innovation that truly delivers impact to enable better futures for us all.

Imparting Wisdom to Educators: New Report Helps Pass on HBCU Wisdom to Empower Student Success across K-12 Grades



ONE OF THE TWO PANELS FROM THE IMPARTING WISDOM ROLLOUT. FROM LEFT TO RIGHT, DR. BRIAN BRIDGES, FORMER VICE PRESIDENT FOR RESEARCH AND MEMBER ENGAGEMENT, UNCF; DR. NINA GILBERT, DIRECTOR, CENTER FOR EXCELLENCE IN

EDUCATION, MOREHOUSE COLLEGE; DR. HAKIM LUCAS, PRESIDENT, VIRGINIA UNION UNIVERSITY; MARQUISE MCGRUFF, FOUNDER AND EXECUTIVE DEVELOPER, CLUB 1964; AND AMANDA AIKEN, PRESIDENT, A. LEIGH SOLUTIONS, SPELMAN COLLEGE ALUMNA AND UNCF K-12 WALTON FELLOW ALUMNUS; AND DR. CARMEN WALTERS, PRESIDENT, TOUGALOO COLLEGE.



ATTENDEES DEBRIEFING ABOUT THE PANEL BEFORE THE KEYNOTE ADDRESS

For years, historically Black colleges and universities (HBCUs) have educated tens of thousands of African Americans, prepared them for post-college careers and created steady pathways to upward mobility.

Not only have HBCUs forged paths for greater academic and social gains for African American students, they are also beloved by their beneficiaries and the larger Black community, as students report a heightened sense of racial consciousness. But what can other sectors within education learn from HBCU successes? In 2020, UNCF's Frederick D. Patterson Research Institute (FDPRI) released a research report, *Imparting Wisdom: HBCU Lessons for K-12 Education*, which details HBCUs' longstanding efforts to provide quality educational experiences for their students and how their success may be translated in K-12 schools—specifically schools with demographics similar to HBCU populations. Despite the fact that HBCUs are top producers of African Americans who are medical doctors and those who earned STEM or doctoral degrees, they are oftentimes overlooked as potential resources for enabling high achieving Black students for K-12 educators. *Imparting Wisdom* highlights research-based HBCU best practices and recommendations and insights from HBCU leaders, with the goal of promoting mutually beneficial alliances between the K-12 and HBCU communities. The HBCU best practices highlighted in the report can be implemented in both charter schools and K-12 school districts. The three best practices include:

- **Cultivating Nurturing Support Systems:** HBCUs promote a high level of student and faculty interactions, employ diverse faculty and implement strategies such as

intrusive advising to build caring relationships among students.

- **Leveraging African American Culture and Identity:** HBCUs (1) make intentional efforts to promote student engagement based on culture by incorporating African American cultural elements into campus practices and within the curriculum; (2) help students develop a strong sense of identity; and (3) use African American culture to facilitate student success.
- **Setting High Expectations:** HBCUs offer meaningful mentorship to students and promote graduate school enrollment.

Imparting Wisdom also includes present-day examples of how programs and strategies executed at HBCUs have been implemented within local K-12 or charter school districts and how these strategies have succeeded for African American students. For example, in the report, Philander Smith College is highlighted for creating intentional partnerships with the local K-12 community and providing key scholarship opportunities for students who attend the college once they graduate from high school. Also, Xavier University of Louisiana is highlighted for establishing the Norman C. Francis Teacher Residency program which provides college students with master's level coursework via an apprentice teaching opportunity and professional development. Students of this unique residency program go on to teach in local New Orleans schools, improving diversity within the local teacher workforce. To discuss the strategies and spell out the recommendations outlined in the *Imparting Wisdom* report, UNCF hosted an HBCU and K-12 Education Summit as the report was unveiled in Washington, DC, in January 2020. The summit consisted of an overview of the report by co-author, Dr. Meredith Anderson, two separate panel discussions and a keynote address from Dr. Lewis Ferebee, chancellor, District of Columbia Public Schools. The first panel discussed HBCU lessons that the K-12 sector can implement. Moderated by Dr. Brian Bridges, then-UNCF Vice President for Research and Member Engagement and co-author of the report, the panel was made up of UNCF-member presidents and executives, and HBCU alumni currently working within the K-12 education system:

- Dr. Nina Gilbert, director, Center for Excellence in Education, Morehouse College
- Dr. Hakim Lucas, president, Virginia Union University
- Marquise McGriff, founder and executive developer, Club 1964, and UNCF K-12 Walton Fellow alumnus
- Amanda Aiken, president, A. Leigh Solutions, Spelman College alumna
- Dr. Carmen Walters, president, Tougaloo College

Panelists stressed that HBCUs should be actively engaged with K-12 schools through collaborative programming. As the keynote speaker, Dr. Lewis Ferebee spoke about how he earned his first-ever failing grade at his HBCU alma mater, North Carolina Central University, and how his English professor inspired him to work harder mentioning that the school's combination of high standards and mentorship helped him to succeed. He challenged attendees to develop a continuous pipeline where we "blur

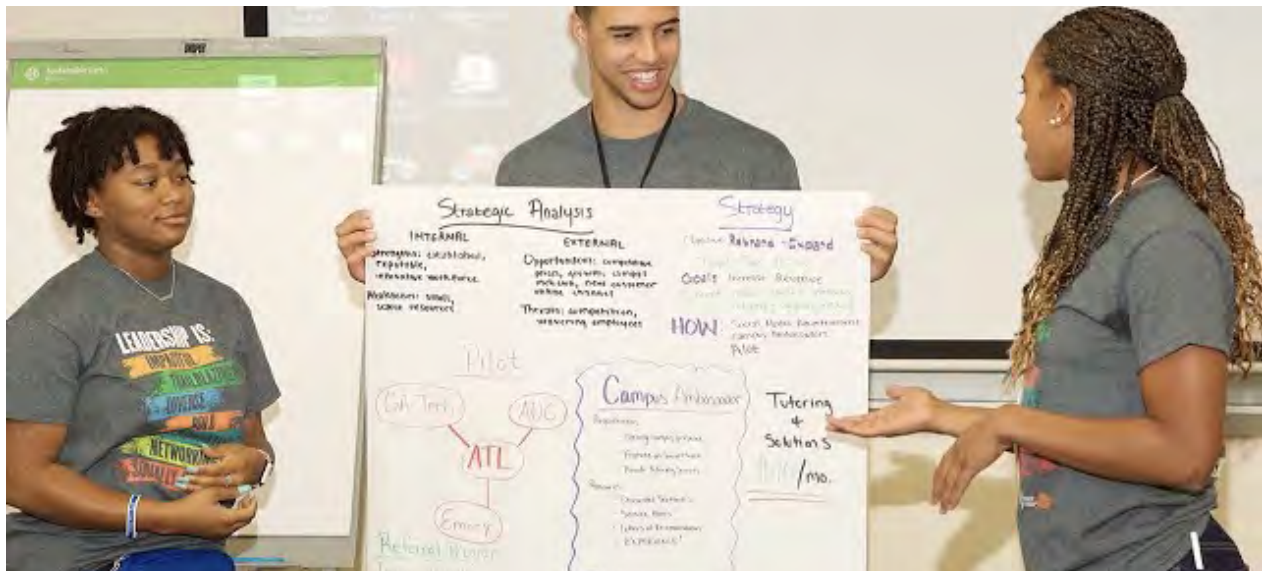
the lines between K-12 and higher education in a way that there's a high bar for all of our students, particularly students of color and infuse this bar into our historically Black high schools that are not [academically] where they should be." The second panel focused on specific HBCU and K-12 partnerships. Moderated by UNCF Vice President for Advocacy Sekou Biddle, the panelists included:

- Kenya Campbell, director, Norman C. Francis Teacher Residency Program, Xavier University of Louisiana
- Dr. Roderick Smothers, president, Philander Smith College
- Dr. Anthony Broughton, Call Me Mister director and assistant professor, Claflin University
- Thyais Maxwell, former principal, The Middle College at Bennett
- Kathryn Procope, principal, Howard University Middle School

Highlighted as well in *Imparting Wisdom*, both panels underscored how middle and high schools on college and university campuses can foster collaboration and greater exposure to college life for middle and high school students. The complete summit can be viewed [here](#). At UNCF, we know for the nation to close the achievement gap and improve academic outcomes, we must disrupt the current educational landscape and create an equity-focused, multi-faceted educational ecosystem built on intentional partnerships. HBCUs have proven to be pillars for academic success for African American students—and can impart these lessons to the K-12 education sector. *Imparting Wisdom* provides a roadmap to those innovative outcomes, which means better futures for us all.

INNOVATE

Empowering 10 Years of Black Impact: The Walton/UNCF K-12 Education Fellowship Program—Moving from a Dream to an Established Reality in K-12 Education



The 2018-2019 academic year marked the 10th anniversary of the Walton Family Foundation’s collaboration with UNCF, a collaboration that’s kicked efforts to improve K-12 education by and for African Americans into a true reality.

In 2009, UNCF partnered with the foundation to create a unique venture originally called the UNCF Social Entrepreneurship (USE) Program. The USE Program offered paid internships for undergraduate students enrolled at select HBCUs and worked to support Black students who wanted to become social entrepreneurs. In 2012, the program was revamped, streamlining focus and changed its name to the Walton/UNCF K-12 Education Fellowship Program. While the program continued to offer paid internships and professional development training for HBCU students, the focus of the new program became laser-aimed at building a robust pipeline of students from HBCUs who are interested in pursuing careers in K-12 education. Today, the program offers HBCU juniors a paid summer internship at K-12 schools and education enterprises, leadership and professional development, a senior year experience (i.e., mentoring, career coaching, job search and graduate school application assistance), an online community and alumni engagement and training opportunities. Because education has proven to be a path toward social mobility and economic independence, quality education has always been of supreme importance to the Black community—from desegregating K-12 schools and colleges to advocating for HBCUs, the African American community has always championed access and equitable educational opportunities for students. That path to education equity requires a workforce of strong and committed Black leaders in K-12 education. And, the Walton/UNCF K-12 Education Fellowship program is working to flood the education landscape with skilled teachers, school administrators, grassroots education policy advocates and even policymakers who will make changes at all levels. What’s been the impact? The Walton Family Foundation investment in UNCF during the past decade has meant:

- Student internship placements in 11 cities across the nation.
- Students from 52 HBCUs have become Fellows.
- Nearly 300 students have participated in the program and received valuable paid internships and professional development.
- Over 60 organizations have participated as host organizations for student internships.
- Two program alumni have been named International Fulbright Scholars.

To celebrate the 10th anniversary, the program marked its major milestone during the annual Closing Conference in Washington, DC, July 27-29, 2019. The Closing Conference is the culminating event concluding Fellows' internship experiences, preparing them for the next step in their academic lives as they advance to their senior year of college studies and post-graduate careers. Students heard from keynote speaker, Sharif El-Mekki, CEO of the Center for Black Educator Development, who delivered a powerful and inspirational message about the importance of advocating for education equity for Black students. Also, during the conference, UNCF presented Achievement First Public Charter School with the 2019 Legacy Award in recognition of its longstanding commitment to providing internship opportunities to Walton/UNCF K-12 Education Fellows. This network of public charter schools, located across multiple states, has hosted 18 fellows over 10 consecutive years. And, to add further definition to its noted 10 years of success, also in 2019, UNCF released findings from an evaluation conducted by WhitworthKee, an education consulting firm. Designed to assess the implementation of the Walton/UNCF K-12 Education Fellowship Program and its outcomes, the evaluation sought to understand the degree to which the program produced graduates who pursue professional degrees and/or prepared alumni for careers in education leadership. Of the alumni who participated in the survey, 43% were employed in K-12 education—a fairly significant portion of the Fellows—and the majority indicated that skills gained at the Student Leadership Conference (the program's annual three-day professional development conference held prior to the start of Fellows' internships) positively exposed them to workplace professionalism, current K-12 issues and networking skills. In addition, 66% of alumni have gone on to pursue graduate degrees. So, what makes more Black impact than a simple cash investment? Empowered African American students who know how to make real change in the environments in which they grew up, given the tools they need, going back in to do the real work it takes to make a difference. And, thanks to UNCF partners like the Walton Family Foundation, that kind of growing impact has been rippling across America for 10 years.

Toi Salter: A Million Dollars and More Through the Power of One



TOI SALTER



PRICILLA STRATTEN AND LISA ROLLINS, UNCF CHICAGO AREA DEVELOPMENT DIRECTORS, TOI SALTER AND CHICAGO SCULPTOR

DEBORAH HAND



TOI SALTER ACCEPTING AN AWARD FROM PRICILLA STRATTEN, AREA DEVELOPMENT DIRECTOR, UNCF



NBA PLAYERS AND UNCF "A MIND IS..." GALA CO-CHAIRS DARRICK ROSE, ANTHONY DAVIS AND TOI SALTER



Toi Salter doesn't just meet expectations. She blows through them. Driven by her commitment to youth, education and her beloved Chicago, Salter is a perfect UNCF partner who stands atop the world.

A wealth and business manager whose clients include NBA All Stars, Salter is known for her philanthropic efforts and has been the driving force behind several successful fundraisers for various charities in the Chicagoland area. Salter was invited in 2017 to meet UNCF staffers and prospective UNCF “A Mind Is...” Gala committee members. After the meeting, she was all in: Salter brought in close to nine times the amount each committee member was asked to raise. Chicago's 2017 “A Mind Is...” Gala was the beginning of something special between UNCF Chicago and this extraordinary volunteer. In 2019, Salter made history as the first African American woman to raise more than \$1.1 million for UNCF Chicago as the AMI Gala Chair without a co-chair or a committee but the assistance of two UNCF Chicago staffers. In 2020, Salter teamed up with gala co-chair Charles Matthews, president and CEO of Peoples Energy, with a \$1.5 million goal, but the COVID-19 pandemic forced the Gala's cancellation. Salter insisted they continue fundraising because she believed current events made providing scholarship money more important than ever. True to form, history was made again as Salter's NBA clients with a heart for African American students in need donated generously to UNCF Chicago, contributing \$1.6 million with only a few phone calls from her. “I see the outstanding work, planning, commitment and resources that UNCF puts forth to make it possible for those who are challenged financially to go to college,” Salter says. For Toi Salter, UNCF truly checks all the boxes for an organization through which she could align herself. She understands the disparities and the financial challenges that stand in the way of African American students seeking higher education. And that's why she ardently supports UNCF. “It's a blessing to help UNCF with the resources I have been blessed with to assist them with their mission.” And, thanks to amazing dedicated individual donors and volunteers like Salter, UNCF's HBCUs and their students continue to be able to push ahead, despite herculean challenges, fueling better futures for us all.

Greg Cunningham: "Why I Support UNCF"



GREG CUNNINGHAM INTERVIEWING AT THE MINNESOTA STATE CAPITAL, ST. PAUL MINNESOTA



GREG CUNNINGHAM, GRADUATE OF CLARK COLLEGE (NOW CLARK ATLANTA UNIVERSITY) IN 1985 WITH CLASSMATE ALLEN SMITH



GREG CUNNINGHAM, EXECUTIVE VICE PRESIDENT, CHIEF DIVERSITY OFFICER, U.S. BANK



PRESENTING AT MINNEAPOLIS MASKED BALL AWARD CEREMONY

U NCF has been blessed over the years with many dedicated staff and volunteers to lead the organization. Recently, Greg Cunningham, a new member of the UNCF Board of Directors, has made history by being a UNCF student, a UNCF scholarship recipient, a UNCF volunteer, a UNCF staff member, and now years later, by joining the board on behalf of Minneapolis-based donor and supporter, U.S. Bank. That's quite a trail to blaze—one he believes that only UNCF could have made possible.

How did he find his way to the pinnacle of UNCF? After growing up in Pittsburgh, Cunningham was drawn to Atlanta—one of the few cities that had a Black mayor at that time. While visiting a friend there as a young man, he had a chance meeting on the

campus of Clark College (now Clark Atlanta University), one of UNCF's historically Black colleges or universities (HBCUs). "As we were walking across the campus, there was a woman walking towards us who looked very familiar to me, but I couldn't place her," said Cunningham. "As she got closer, I stopped in my tracks—it was Coretta Scott King. As we walked away, she called out a greeting. 'Hello, how are you?' My friend told me she was on campus often." That chance meeting on the school's campus and his visit to Atlanta reaffirmed for Cunningham that Atlanta was where he needed to be. After receiving a UNCF scholarship, he enrolled at the university, and Cunningham earned a bachelor's degree from Clark in business. "Receiving a scholarship from UNCF and attending an HBCU was just a validation of self-worth and what was possible when you're in a community that is culturally validating. That experience really changed my life and set me on a course that helped me understand that truly anything was possible," Cunningham explained. Following his time attending Clark, Cunningham developed a strong relationship with UNCF. When he first moved to Minnesota and the Twin Cities, he served as the area development director for UNCF from 1995-98. He went on to serve as co-chair of UNCF's Minnesota campaign, and just recently joined the national UNCF board in 2020. Since joining U.S. Bank four years ago, Cunningham has been instrumental in securing the company's commitment to UNCF, including the establishment of the Ujima Scholarship Fund, a \$500,000 multi-year scholarship program. The seven-year program follows students for that length of time and includes a mentor at U.S. Bank, offering guidance, financial education, academic assistance, paid internships and full employment opportunities post-graduation. "Getting to college is a significant milestone in a young person's life. At U.S. Bank, we wanted to take it to the next level and help students get that first job and realize success. I'm so glad we acted on this a few years ago. We are starting to see our first students get through the program now and look forward to what they will do in the future," Cunningham added. An investment years ago in a young man who happened to walk across the campus of one of UNCF's HBCUs is now paying off in through the seeds that were planted back then. As we say, "A mind is a terrible thing to waste, but a wonderful thing to invest in."[®] And Greg Cunningham is a prime example of why that investment is so vital.

INSPIRE

Oprah's "Stand and Deliver" Moment for Charlotte's UNCF Maya Angelou Women Who

Lead Luncheon Changes Lives for Many



MAYA ANGELOU WOMEN WHO LEAD HONOREES – JOAN ZIMMERMAN, TIFFANY EUBANKS-SAUNDERS, OPRAH WINFREY, TISH

GUERIN AND MADELYN CAPLE – PHOTO BY KEYNA B



TINA BONNER-HENRY, OPRAH WINFREY, TIFFANY L. JONES AND SONJA P. NICHOLS



TAYLOR BARNES, MISS UNCF, IMANI AND CIERRA GRAHAM, BENNETT COLLEGE ALUMS, AND MCKENZIE ESTEP, A SOPHOMORE AT LOCAL UNCF-MEMBER HBCU ST. AUGUSTINE'S UNIVERSITY



WELLS FARGO EXECUTIVES (L-R) REGINA HEYWARD, GIGI DIXON, OPRAH WINFREY, DR. CELESTE CLARK, MICHELLE LEE, MADELYN L. CAPLE

hen you're a fundraiser, how do you break records when you keep pushing the line every time you go to bat? How do you find that moment at the plate where you "stand and deliver," the time that brings a lot more attention—and cash donations—than you could have ever imagined?



Well, for UNCF's Charlotte office, that moment came in September 2019 when Oprah Winfrey—THE OPRAH—stood up and delivered for UNCF's 17th Annual Maya Angelou Women Who Lead Luncheon, helping raise a record-breaking \$2.3 million for students and historically Black colleges and universities (HBCUs) in North Carolina and across the United States. The legendary former talk show host, philanthropist, actress and business mogul made major headlines during the Sept. 28, 2019, event as she matched the donations made at the fundraiser named for the poet and loyal UNCF supporter, the late Dr. Maya Angelou, dollar-for-dollar. The luncheon annually honors local women whose footprints positively impact the Charlotte regional community and proceeds benefit students in North Carolina and the HBCUs that educate them, and Winfrey called Dr. Angelou her mentor. Winfrey also gave all the guests in attendance a jaw-dropping moment by matching the live fundraising efforts, donating \$1,149,000 to UNCF. More than 1,000 guests adorned with fascinators and hats attended the party with a purpose in support of higher education. The sold-out afternoon event featured shopping, entertainment provided by Johnson C. Smith University's jazz ensemble, Harvey Cummings Trio and national recording artist Maria Howell, event favorite, the HATitude competition, and student testimonials from Taylor Barnes, Miss UNCF, Imani and Cierra Graham, Bennett College alums, and McKenzie Estep, a sophomore at local UNCF-member HBCU St. Augustine's University. Estep's powerful testimony underlined the event by including a quote from Avinash Gupta. "Don't let your life change your goals," she said, "because achieving your goals can change your life," which brought the audience to their feet. Estep continued, "It is through the power and lesson of these words that inspired me to overcome adversity and become a first-generation college student." The 2019 Women Who Lead honorees were Madelyn Caple, western region managing director, Wells Fargo Bank; Tish Guerin, director of player wellness, Carolina Panthers; Tiffany Eubanks-Saunders, market executive, Bank of America; and Joan H. Zimmerman, CEO, Southern Shows. The event was made possible with support from presenting sponsor Wells Fargo; platinum sponsor, Bank of America; gold sponsors, Atrium Health, Duke Energy, Lowe's Home Improvement and Novant Health; and individual supporters, including long-standing UNCF supporters, Tina Bonner-Henry and Kevin Henry, the Joan H. Zimmerman Trust and many others. And, while Oprah Winfrey's presence certainly made the difference for this spectacular special event, everyone pulled together to stand and deliver for both the UNCF students and HBCUs who truly needed them that day—making an impact that no one will forget.

INSPIRE

Barbara Boyd: Nearly 50 Years' a Volunteer



BARBARA BOYD WORKING TO SUPPORT UNCF DURING ONE OF HER MOST RECENT VOLUNTEER ACTIVITIES FOR THE ORGANIZATION.



BARBARA BOYD WALKS THE RED CARPET IN HER SIGNATURE THREE-INCH HEELS AT ONE OF THE RECENT INDIANAPOLIS UNCF MAYOR'S MASKED BALLS.



WORKING THE ROOM DURING THE INDIANAPOLIS VERSION OF UNCF'S FORMER "A PARADE OF STARS" TELETHON ARE (L TO R) GRACE TRAHAN, ALPHA BLACKBURN, BARBARA BOYD, AMOS BROWN AND JAMES ADAMS.



BARBARA BOYD'S 92ND BIRTHDAY CELEBRATION WHERE INDIANAPOLIS MAYOR JOSEPH HOGSETT PRESENTED HER WITH A PROCLAMATION FOR MAKING APRIL 24TH HER DAY.

When some retire, they're thinking of what they can do to slow down. But for others, they're thinking of what they can do to stay busy. For a particular UNCF Indianapolis volunteer, "A mind is a terrible thing to waste,"[®] has truly resonated and instead, caused her to ramp up her activities—thankfully to the betterment of UNCF.

Barbara A. Boyd, a longtime UNCF volunteer and advocate, has been doing everything she can for almost 50 years on behalf of UNCF's mission in Indianapolis to help enlighten the Hoosier state about the plight of deserving students of color and the

needs of historically Black colleges and universities. Still walking in her signature three-inch heels at 92-years-young and going strong in support of UNCF's mission in Indianapolis, Boyd lends her name and voice often to help UNCF in any way she can across the state of Indiana and across the United States. In 1969, Boyd became the first African American female reporter and news anchor in Indiana for WRTV television station, where she became a household name and role model—especially for the African American community—until her retirement in 1994. As a WRTV news anchor, for years Boyd was a key host along with Radio One talent Amos Brown and well-known Indiana designer Alpha Blackburn for UNCF's annual national fundraising telethon, "A Parade of Stars." WRTV was the first television station to broadcast UNCF's national fundraiser with Boyd as the station host, eventually transitioning to the Madam CJ Walker Theater where the community responded with excitement and purpose by donating hundreds of thousands of dollars in support of UNCF. When the localized version of the national telethon ended in the early 2000s, Boyd continued to lend her voice and advocate for the work and mission of UNCF across Indiana. She supported the Indianapolis UNCF Mayor's Masked Ball as emcee, recorded radio PSAs and television vignettes and was the mistress of ceremonies at a statewide event—each time always telling UNCF's impact story. Who better to lead the charge for UNCF in Indiana than a passionate former journalist who has always given her time, talent and treasures to make a difference in the lives of students and the community from which they come? "This is the reason that at 92 years young, I am committed more than ever to ensuring our future leaders can achieve their dream of going to and through college because of UNCF," Boyd explains. As an active member of the UNCF Indianapolis Leadership Council, you can still see Barbara Boyd at local radio station community events, dancing and "friend-raising" for UNCF, encouraging others to continue to join and support the cause. So, THANK YOU, Barbara Boyd for all that you continue to do to inspire not only students, but all that have had the pleasure of meeting you and getting to know you. After nearly 50 years of volunteer support and giving back, we know you truly live your life by helping us Invest in Better Futures®. We hope many more follow your lead, and get inspired to make real a difference in the lives of others!

INSPIRE

Jillean and Joe Williams: Imparting a Jazz Legacy to the Next Generation



JILLEAN AND JOE WILLIAMS



JOE WILLIAMS



A long-time member of the Las Vegas community and a person well-known to many in that city's entertainment field, Jillean Williams has now left yet another legacy—this time through UNCF.

Jillean was born and grew up overseas, in England. She served as a member of the Women's Army Corps during World War II. Following the war, Jillean worked for the P&O shipping line and later moved to New York City. While in New York, she started working with a management consulting company in Rockefeller Center. In the early 1960s, Jillean married Joseph Goreed Williams, a jazz musician singing as just "Joe Williams" with the great Count Basie Orchestra. For those who know their music, Joe Williams was, and remains, one of the legendary voices of jazz. Joe Williams performed in concert and on record with such stars as Ella Fitzgerald, Sarah Vaughan, George Shearing, Nancy Wilson, Marlena Shaw, Mel Tormé and with celebrated blues shouters Jimmy Rushing and Big Joe Turner. Joe appeared frequently on national TV programs such as the "Tonight Show with Johnny Carson," the "Perry Como Show," and had a supporting role in the Bill Cosby comedies." Joe won a multitude of awards, including a Grammy® in 1985 for his recording "Nothing But The Blues," and was given "The Ella" by the Society of Singers—previous recipients having been Ella Fitzgerald and Frank Sinatra. He was also invited to perform in the White House by both Presidents Nixon and Clinton. And, it was that love of jazz that sparked the love between Jillean and Joe Williams. In 1997, Joe and Jillean created the Joe Williams Every Day Foundation, providing jazz scholarships at colleges across the country, encouraging more students to enter the field. Joe once said, "We've got to reach down and help those on the way up." The Foundation continues to provide students with instrument training; composition and arranging; singing and voice training; and first promotional recordings. As a final way to share their joy over the music they both so loved and to ensure more sweet jazz, through her estate, Jillean Williams created the Joe Williams Music Scholarship Fund at UNCF to provide tuition grants to students studying music. Just like the scholarships from their foundation, this new scholarship is meant to encourage students to enter the field of music. The Williams' gift plants an important seed, inspiring future generations to deliver stirring rhythms, deep bass and even the blues, well known to musicians of all stripes—particularly jazz singers.

INVEST

Panda Cares Foundation Expands its UNCF Footprint



P rivate UNCF donors and supporters—large and small—are truly the ones who make “A mind is a terrible thing to waste, but a wonderful thing to invest in”® a reality. Their gifts of funding and other tangible support enable impact that crosses color and social boundaries and empowers thousands of students, who would otherwise not be able to get to and through college successfully, to not only achieve success but to find rewarding careers and life-altering paths that would not have been possible without them. Those investments are what make better futures for all of us possible.

As part of UNCF's endeavors to broaden its donor investments in its mission, UNCF was introduced to the Panda Cares Foundation (PCF), the philanthropic arm of Panda Express®, via an existing relationship through its local Washington, DC, office. A donor-advised fund manager at JPMorgan Chase, who was gathering information from various organizations for a client interested in developing a scholarship program, talked to the local Washington office's fundraising director. The director was told PCF was seeking to create a new scholarship to help students from the very communities throughout the United States that had enabled them raise more than \$210 million since 2008 through their in-store donation program, of which 100% of the money collected supports organizations which serve the health and education needs of underserved youth. UNCF was invited to submit concepts for consideration, and following a grant submission process, was ultimately selected to co-create and fully administer the new scholarship. In September 2018, the Panda Cares Scholars Program launched a \$5.14 million college scholarship assistance program designed to meet the unmet financial needs of underserved students from targeted communities throughout the United States and who are interested in enrolling full-time at an accredited four-year institution. Now in its third year, the program provides renewable scholarships up to \$2,500 to a group of 400 students originally selected as college freshmen during the 2018-19 academic year. In addition to educational expense funding, the students in the program receive professional development opportunities intended to prepare them for early career success. In light of the program's achievements and the substantial need for help that empowers students who have talent but just needed more help than is currently available, PCF upped the ante, challenging UNCF to develop a new program that would go beyond mere financial support for students. Accepting the offer, UNCF created and launched the Panda Cares Scholars Program in March 2020—a new \$10.39 million college renewable scholarship assistance and professional development program designed to encourage academic excellence, develop strong leadership skills and deepen scholars' commitment to community service. Targeting low-income students enrolled as full-time sophomores at four-year accredited colleges and institutions from the same targeted communities throughout the U.S., the new Panda Cares Scholars Program provides scholars with an extensive professional development curriculum, including virtual and in-person practicum over a three-year period. Key components of the program include leadership skills development, virtual career training, one-on-one career coaching, community service projects and internship placement, wherever possible. After a rigorous selection process, 350 students were selected from 32 states and the District of Columbia. These talented scholars not only meet the application requirements but embody the spirit of the Panda Restaurant Group values: proactive, respect/win-win, growth, great operations and giving. Also added and funded through the Panda expansion at UNCF was a third program launched in March 2020, The Panda Cares First-Year Scholars Program—a \$845,010 college scholarship assistance program targeting low-income students from the same targeted communities. This new scholarship aims to provide meaningful financial assistance to full-time freshmen at four-year accredited colleges and institutions. Students from the Panda Cares First-Year

Scholars Program have the potential to be considered for the new Panda Cares Scholars Program, which builds alignment and continuity between the two new programs. “We appreciate all of our donors, and I thank the Panda Cares Foundation for its large and generous investment in us,” said Dr. Michael L. Lomax, UNCF’s president and CEO. “Their belief in our mission is truly laudable. Donations like this help make a significant change to the playing field for students who otherwise wouldn’t be able to attend college and graduate. We need more investments like this one because these change lives.” So, from what began as a quick, off-the-cuff conversation from a local office director to now three large scholarship programs, the Panda Cares Foundation has made its footprint at UNCF visible and expansive. As the partnership with UNCF continues to flourish, so too are these two new programs expected to grow with the addition of more. Investments like this in our mission make an impact that ripples across the nation—especially in communities of color. This type of social venture is what pays untold dividends for all of us, making good on UNCF’s promise of working toward better futures for us all.

INVEST

Black Females Moving Forward in Computing Program Launched



Making impact for students is important across the board and finding new avenues in growing industries is always key, especially for HBCUs. One area that HBCUs have excelled in preparing students for is the dynamic computer science and technology industry. The tech industry is one of the fastest-growing career fields worldwide. With jobs ranging from software developer to information security analyst to computer network architect to web developer—the technology sector has an ever-increasing number of opportunities and career paths. Our nation’s HBCUs do an incredible job at preparing students for careers in the technology field. Twenty-five percent of African Americans with STEM degrees (which includes technology-related degrees) are graduates of HBCUs. Of that, 46% of those graduates are Black women.

Yet, Black women are lagging behind in this very high-paying career field. Even though many Black women have made significant strides within technology, Black women are significantly underrepresented across the computer sciences spectrum—making up only 3% of the tech workforce. And even fewer Black women have leadership roles in Silicon Valley (less than .5%). Why? While the pipeline of Black women with computer science degrees is growing, they are less likely than their white and Asian counterparts to actually land jobs in the field. Some blame biased hiring practices or having fewer Black professionals working in the field. Whatever the reason—the fact is that there is a considerable diversity gap in the tech industry workforce and in leadership. As a solution to attract more Black women to careers and professional connections in

computing, in 2019, UNCF teamed up with Reboot Representation Tech Coalition to establish the Black Females Moving Forward in Computing Program (BFF). Reboot Representation Tech Coalition, led by CEO Dwana Franklin-Davis, has set an ambitious and attainable goal to double the number of Black, Latina and Native American women receiving computing degrees by 2025. And to meet that goal, the organization has provided UNCF a \$423,000 grant to help African American women succeed in the field. The new UNCF BFF program will build a community of skilled Black women focused on entering careers in computing. Through the virtual professional development program, participants will receive academic support on computing-related curriculum and virtual networking opportunities via the online platform, Codio—a cloud-based platform that provides a unique integrated digital learning environment for students to engage in computer science assignments while receiving instantaneous feedback, instruction and mentoring. The investment from Reboot also includes faculty support to further develop Codio modules. High impact tutorials and lectures will be delivered to the scholars by doctoral-level professors and experienced industry professionals to serve as resources and foster degree completion and workforce readiness for the computer tech industry. “This program is unique among our professional development opportunities,” said Taliah Givens, senior director of student professional development programs. “The structure, resources and mentoring targeted to the field of computing encapsulates UNCF’s mission of supporting students to and through college and into rewarding careers.” To date, UNCF has accepted 100 Black women, currently enrolled in computing related degrees, into the BFF program. Once participants complete the program, 15 women will be eligible to receive scholarships in the amount of \$5,000 for the 2021-22 academic year and \$5,000 for the 2022-23 academic year. “We have an extraordinary opportunity to move the needle for Black women pursuing degrees in computing by providing academic supports and mentorship,” said Dr. Chad Womack, senior director of STEM initiatives and HBCU innovation, commercialization and entrepreneurship at UNCF. “This initiative will grant participants access to a vast network of resources, and we believe will help change the trajectory of Black women within this significant area of our economy.” That’s the kind of innovation and impact that makes a real difference for students and HBCUs both, helping African American students connect to careers in a field that needs them and pays well. And, Reboot’s support of the new UNCF BFF program shows there’s no better way to Invest in Better Futures.®

INVEST

Fund II Foundation Graduates its First Class of Students



GYGERIA "GG" MANUEL: "THE UNCF STEM SCHOLARS PROGRAM CHANGED MY LIFE. THE SUPPORT FROM THE PROGRAM, MY PEERS, AND FROM UNCF AND FUND II FOUNDATION, ENABLED ME TO PURSUE MY DREAM OF BECOMING A PHYSICIAN AND AFFECTING CHANGE FROM WITHIN MY COMMUNITY."



JONATHAN MCKINLEY: "THE UNCF STEM SCHOLARS PROGRAM HELPED ME ACHIEVE A LIFE-LONG DREAM OF PURSUING MY PASSION IN TECHNOLOGY. BEING SURROUNDED BY THE NATION'S GREATEST BLACK MINDS PUSHED ME TO EXCEL IN WAYS THAT WOULD NOT HAVE HAPPENED ALONE, AND ON MY OWN."



THE FIRST CLASS OF STUDENTS SUPPORTED BY THE UNCF STEM SCHOLARS PROGRAM, SELECTED IN 2016, HAVE NOW GRADUATED.

HERE THEY ARE AT THE VERY FIRST STUDENT CONFERENCE IN ATLANTA, GA.



STUDENTS FROM ALL OVER THE UNITED STATES ARRIVED AT THE EMORY CONFERENCE CENTER HOTEL IN ATLANTA, GA, FOR THE FIRST DAY OF THE FIRST-EVER FUND II UNCF STEM SCHOLARS PROGRAM STUDENT CONFERENCE JULY 29, 2016.

When UNCF and The Fund II Foundation partnered in 2016 to create the UNCF STEM Scholars Program, the primary goal was to provide support to 500 of the country's top African American rising freshmen and see them through to graduation. The students served would be part of a robust pipeline of African American scholars that would be equipped and well-prepared for demanding careers in the science, engineering and technology industries.

Four years later, the first group of 100 students has produced 71 graduates to date (with 14 still enrolled), a rate of nearly 86%—an outstanding number by any measure! “We are amazed by the outcomes of this program,” said Dr. Michael L. Lomax, president and CEO, UNCF. “Thanks to the Fund II Foundation, our next generation of African American

doctors, nurses, scientists, engineers and technologists have a head start that truly makes a difference. That's an impact we need more of, and we thank Fund II for providing." Thanks to a generous \$48 million donation from the Fund II Foundation, the program provides scholarships enabling students to worry less about student debt and the ability to spend more time on their studies as a result. The program also provides intensive extra-curricular education and mentoring opportunities including exclusive internship opportunities through the foundation's "InternX Platform." Selected students are highly motivated, advancing their educations thanks to the generosity of the Fund II Foundation. Fund II Foundation Co-Founder Robert F. Smith and Foundation Executive Director Linda Wilson have led the charge through UNCF on changing the lives and trajectory of African American students. Firm in their belief that more Black Americans needed to make their contributions to the high-demand, high-paying careers of the future, the UNCF STEM Scholars Program celebrated the graduation of its first cohort in Spring 2020. <https://youtu.be/ujXe77w1wc4> One of the talented students from the first group of UNCF STEM Scholars enrollees was Jonathan McKinley. McKinley graduated May 2020 from Florida Agriculture and Mechanical University with a degree in computer science. He is now a cloud fusion developer for American Airlines. "The UNCF STEM Scholars Program changed my life," said McKinley. "It opened a world of four hundred high-achieving scholars that looked just like me. We truly are one family. Each of us, in our own way, want to change the world. The program team and Ms. Linda really make you believe that you can do anything that you truly set your mind to. They help us see artificial limits, like imposter syndrome, that we may have placed on ourselves as imaginary. That's powerful and liberating!" Gygeria "Gg" Manuel is another recent graduate from the first class of the UNCF STEM Scholars Program. Manuel recently completed her degree in biology at Spelman University. She is now a first-year medical student at Morehouse School of Medicine and once finished there, is headed to a dual doctoral studies program from a top-tier university in the Pacific Northwest. "I've always had a dream of becoming a doctor," said Manuel. "The UNCF STEM Scholars Program empowered me with confidence throughout my undergraduate studies. Their wrap-around support services made sure that I was prepared for my rigorous education. But more importantly, they opened a world of other Black scholars that became my family of a lifetime." Because of the foresight of and an investment from the Fund II Foundation, students like Jonathan and Gg can both look forward to better futures. And, that's an impact that pays dividends for all of us.



UNITED NEGRO COLLEGE FUND, INC.

Financial Statements

March 31, 2020 and 2019

(With Independent Auditors' Report Thereon)

UNITED NEGRO COLLEGE FUND, INC.

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KPMG LLP
Suite 900
8350 Broad Street
McLean, VA 22102

Independent Auditors' Report

The Board of Directors and Members
United Negro College Fund, Inc.:

We have audited the accompanying financial statements of the United Negro College Fund, Inc., which comprise the statement of financial position as of March 31, 2020, and the related statements of activities, functional expenses, and cash flows for the year 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 U.S. generally accepted accounting principles; 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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 auditors' 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 organization'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 organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the 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 financial position of the United Negro College Fund, Inc. as of March 31, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with U.S. generally accepted accounting principles.



Report on Summarized Comparative Information

We have previously audited the United Negro College Fund, Inc.'s 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated July 29, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended March 31, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.

KPMG LLP

McLean, Virginia
August 6, 2020

UNITED NEGRO COLLEGE FUND, INC.

Statements of Financial Position

March 31, 2020 and 2019

Assets	2020	2019
Cash and cash equivalents	\$ 23,685,359	11,057,845
Short-term investments (notes 5 and 9)	14,083,802	14,883,611
GMSP short-term investments (notes 5 and 9)	64,131,704	57,036,415
Receivable for unsettled investment trades (note 8)	5,766	12,938
Pledges receivable, net (note 6)	37,473,029	35,769,594
Accrued investment income	1,203,489	1,510,848
Long term investments (notes 7 and 9)	154,022,441	179,380,474
GMSP long term investments (notes 8 and 9)	205,932,255	271,882,601
Property and equipment, net (note 10)	25,377,576	26,205,796
Collections acquired (note 11)	1,414,250	1,414,250
Other assets	4,992,441	4,974,708
Total assets	\$ 532,322,112	604,129,080
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	\$ 4,855,768	6,347,218
Accrued wages, vacation, and other related expenses	2,398,847	2,951,417
Accrued distribution to member institutions	5,450,254	7,651,660
Accrued return of funds to the Gates Foundation (note 12)	13,000,000	—
Notes payable (note 13)	—	889,620
Bonds payable (note 14)	27,159,022	28,032,770
Total liabilities	52,863,891	45,872,685
Net assets (deficit): (note 16)		
Without donor restrictions	1,343,562	(2,278,596)
With donor restrictions (note 15)	478,114,659	560,534,991
Total net assets	479,458,221	558,256,395
Commitments and contingencies (note 20)		
Total liabilities and net assets	\$ 532,322,112	604,129,080

See accompanying notes to financial statements.

UNITED NEGRO COLLEGE FUND, INC.

Statement of Activities

Year ended March 31, 2020
with summarized financial information for fiscal year 2019)

	2020			2019
	Without donor restrictions	With donor restrictions	Total	Total
Revenue, gains, and other support:				
Support:				
Contributions for grants and scholarships	\$ —	39,253,651	39,253,651	22,984,325
Contributions and gifts (notes 2 and 18)	30,812,158	15,349	30,827,507	33,087,698
Bequests and legacies	8,470,851	1,783,575	10,254,426	4,714,269
Gifts-in-kind and donated services (note 17)	28,435	1,049,297	1,077,732	912,233
Total support	39,311,444	42,101,872	81,413,316	61,698,525
Investment income:				
Interest and dividends	418,981	7,594,209	8,013,190	11,635,484
Amortization of investment premium and discount	(67,159)	1,943,387	1,876,228	2,311,670
Realized gains/(losses)	459,785	(666,459)	(206,674)	(1,971,688)
Unrealized gains/(losses)	(923,644)	(8,679,191)	(9,602,835)	6,429,384
Total investment income	(112,037)	191,946	79,909	18,404,850
Net assets released from restrictions (note 15)	124,714,150	(124,714,150)	—	—
Total revenue, gains, and other support	163,913,557	(82,420,332)	81,493,225	80,103,375
Expenses:				
Program services:				
GMSP	79,899,214	—	79,899,214	81,511,729
Scholarships and special projects	43,606,270	—	43,606,270	41,528,867
Distributions to member institutions	13,389,193	—	13,389,193	14,565,561
Institutional services	1,827,415	—	1,827,415	1,885,649
Other program services	1,208,666	—	1,208,666	705,423
Total program services	139,930,758	—	139,930,758	140,197,229
Supporting services:				
Management and general	6,897,818	—	6,897,818	5,493,407
Fundraising	13,462,823	—	13,462,823	13,409,856
Total supporting services	20,360,641	—	20,360,641	18,903,263
Total expenses	160,291,399	—	160,291,399	159,100,492
Change in net assets	3,622,158	(82,420,332)	(78,798,174)	(78,997,117)
Net assets (deficit), beginning of year	(2,278,596)	560,534,991	558,256,395	637,253,512
Net assets, end of year	\$ 1,343,562	478,114,659	479,458,221	558,256,395

See accompanying notes to financial statements.

UNITED NEGRO COLLEGE FUND, INC.

Statement of Functional Expenses

Year ended March 31, 2020

(with summarized financial information for 2019)

	Program services – assistance to member and nonmember institutions					
	GMSP	Scholarships and special projects	Distribution to member institutions	Institutional services	Other program services	Total program services
Distributions:						
Capital and operational support	\$ —	—	13,389,193	—	—	13,389,193
Grants and scholarships	62,847,006	27,142,037	—	—	—	89,989,043
Total distributions	62,847,006	27,142,037	13,389,193	—	—	103,378,236
Expenses before depreciation, amortization, and bad debts:						
Salaries and wages	1,294,424	3,165,329	—	1,186,319	464,930	6,111,002
Employee benefits	339,421	857,173	—	261,671	125,200	1,583,465
Advertisements and promotions	45	102,316	—	306	8,367	111,034
Professional and consulting fees	444,340	3,248,315	—	180,946	85,352	3,958,953
Information technology support	630,522	763,669	—	(553,730)	70,193	910,654
Office supplies and other expenses	53,882	418,151	—	139,304	9,607	620,944
Telephone	2,249	4,154	—	—	184	6,587
Postage and shipping	3,214	22,225	—	665	2,004	28,108
Occupancy	291,241	552,174	—	191,266	60,581	1,095,262
Printing and publications	51,709	190,985	—	36,476	2,692	281,862
Travel	342,650	1,778,573	—	49,910	64,371	2,235,505
Meetings	388,879	1,474,923	—	6,159	240,845	2,110,806
Equipment rental and maintenance	7,353	79,608	—	2,636	10,276	99,872
Interest expense	—	—	—	—	—	—
Indirect cost recovery	202,279	2,755,075	—	—	64,064	3,021,418
Total expenses before depreciation, amortization, and bad debts	66,899,214	42,554,707	13,389,193	1,501,928	1,208,666	125,553,708
Accrued Return of funds to the Gates Foundation	13,000,000	—	—	—	—	13,000,000
Depreciation and amortization expense	—	—	—	325,487	—	325,487
Bad debt expense	—	1,051,563	—	—	—	1,051,563
Total expenses	\$ 79,899,214	43,606,270	13,389,193	1,827,415	1,208,666	139,930,758

See accompanying notes to financial statements.

UNITED NEGRO COLLEGE FUND, INC.

Statement of Functional Expenses

Year ended March 31, 2020

(with summarized financial information for 2019)

	Supporting services			Total program service and supporting service expenses	
	Management and general	Fund-raising	Total supporting services	2020	2019
Distributions:					
Capital and operational support	\$ —	—	—	13,389,193	14,565,561
Grants and scholarships	—	—	—	89,989,043	102,230,840
Total distributions	—	—	—	103,378,236	116,796,401
Expenses before depreciation, amortization, and bad debts:					
Salaries and wages	5,059,366	5,286,263	10,345,629	16,456,631	16,382,649
Employee benefits	1,403,588	1,240,659	2,644,247	4,227,712	4,203,757
Advertisements and promotions	57,152	57,709	114,861	225,895	263,641
Professional and consulting fees	2,178,280	761,038	2,939,318	6,898,271	5,640,857
Information technology support	(1,399,549)	488,895	(910,654)	—	—
Office supplies and other expenses	170,513	346,479	516,992	1,137,936	573,208
Telephone	519,949	10,886	530,835	537,422	746,501
Postage and shipping	28,957	1,285,491	1,314,448	1,342,556	1,141,733
Occupancy	(407,374)	976,420	569,046	1,664,308	1,599,742
Printing and publications	38,837	2,214,683	2,253,520	2,535,382	2,482,150
Travel	147,677	392,677	540,354	2,775,859	2,977,682
Meetings	27,679	102,994	130,673	2,241,479	2,640,850
Equipment rental and maintenance	191,882	100,703	292,585	392,457	225,951
Interest expense	1,060,061	—	1,060,061	1,060,061	1,126,193
Indirect cost recovery	(3,021,418)	—	(3,021,418)	—	—
Total expenses before depreciation, amortization, and bad debts	6,055,600	13,264,897	19,320,497	144,874,205	156,801,315
Accrued Return of funds to the Gates Foundation	—	—	—	13,000,000	—
Depreciation and amortization expense	842,218	—	842,218	1,167,705	1,500,537
Bad debt expense	—	197,926	197,926	1,249,489	798,640
Total expenses	\$ 6,897,818	13,462,823	20,360,641	160,291,399	159,100,492

See accompanying notes to financial statements.

UNITED NEGRO COLLEGE FUND, INC.

Statements of Cash Flows

Years ended March 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities:		
Change in net assets	\$ (78,798,174)	(78,997,117)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Realized losses on investments	206,674	1,971,688
Unrealized losses (gains) on investments	9,602,835	(6,429,384)
Amortization of investment premium and discount	(1,876,228)	(2,311,670)
Bad debt expense	1,249,489	798,640
Depreciation and amortization	1,167,705	1,500,537
Contributions restricted for investment in endowment funds	(1,386,192)	(675,106)
(Increase) decrease in assets:		
Pledges receivable	(1,703,435)	(4,101,178)
Accrued investment income	307,359	1,197,293
Other assets	(316,067)	2,002,846
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	(1,491,450)	214,227
Accrued wages, vacation, and other related personnel expenses	(552,569)	278,243
Accrued return of funds to the Gates Foundation	13,000,000	—
Accrued distributions to member institutions	(2,201,406)	362,830
Net cash used in operating activities	<u>(62,791,459)</u>	<u>(84,188,151)</u>
Cash flows from investing activities:		
Purchases of investments	(2,417,951,391)	(2,181,984,986)
Proceeds from sales of investments	2,493,760,519	2,263,231,443
Purchase of property and equipment	(12,979)	237,409
Net cash provided by investing activities	<u>75,796,149</u>	<u>81,483,866</u>
Cash flows from financing activities:		
Repayments of note payable	(889,620)	(1,035,835)
Repayments of bonds payable	(873,748)	(843,748)
Contributions restricted for investment in endowment funds	1,386,192	675,106
Net cash used in financing activities	<u>(377,176)</u>	<u>(1,204,477)</u>
Increase(decrease) in cash and cash equivalents	12,627,514	(3,908,762)
Cash and cash equivalents, beginning of year	11,057,845	14,966,607
Cash and cash equivalents, end of year	\$ <u>23,685,359</u>	<u>11,057,845</u>
Cash paid for interest	\$ 1,060,061	1,099,941

See accompanying notes to financial statements.

UNITED NEGRO COLLEGE FUND, INC.

Notes to Financial Statements

March 31, 2020 and 2019

(1) Organization

The United Negro College Fund, Inc. (UNCF) is organized as a not-for-profit entity established to assist its 37 current member institutions of higher education to raise funds from the public for their mutual support.

All participating member institutions receive distributions of unrestricted support and revenues pursuant to a formula. Support and revenue, net of expenses, raised in accordance with joint campaign agreements, is distributed 75% to the member institutions conducting the campaign. The remaining 25% is included in the regular campaign formula distribution to all member institutions. Member institutions participate in both the regular and joint campaigns.

In addition, UNCF administers grants, scholarships, and other programs benefiting students, member institutions, and nonmember institutions, based on donor stipulations.

(2) Summary of Significant Accounting Policies

(a) Basis of Accounting

The accompanying financial statements of UNCF are presented in conformity with accounting principles generally accepted in the United States of America and have been prepared on the accrual basis of accounting.

(b) Cash Equivalents

Cash equivalents are liquid investments with original maturities at the date of purchase of three months or less and consist primarily of money market funds and repurchase agreements used for overnight investment purposes. Cash equivalents which are to be used for the long-term purposes of UNCF, are classified as investments. Cash equivalents are valued at their carrying amount which approximates fair value due to their short maturities.

(c) Investments

Investments are reported at fair value based on quoted market prices, or, in the case of alternative investments, at estimated values provided by the fund managers or general partners based on quoted market prices, if available, at estimated fair value utilizing net asset values, or other valuation methods. Net asset value is used as a practical expedient to estimate fair value of certain of these funds. Net asset value, in many instances may not equal fair value.

Investments classified as short-term are available for operations in the next fiscal year. The cost assigned to investments received by gift is the fair value at the date the gift is received. Unrealized and realized gains and losses are included in the accompanying statements of activities.

UNCF has authorized its investment managers to utilize financial future derivative instruments, to either hedge risk or alter the exposure to certain asset classes. UNCF has established procedures to monitor and manage the use of these derivative instruments and the related market, interest and counterparty credit risks. These derivative instruments are recognized at fair value, using quoted market prices for similar instruments, within investments in the statements of financial position.

Investment income is reported net of related expenses, such as custodial fees, commission, investment advisory fees, and direct internal investment expenses.

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(d) Pledges Receivable

Pledges receivable consist primarily of amounts due from unconditional promises to give by various donors. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises to give are received. Amortization of the discounts is included in contributions and gifts revenue. An allowance for uncollectible pledges receivable is provided based on management's judgment, including such factors as prior collection history, type of contribution, and nature of fund-raising activity.

(e) Property and Equipment

Property and equipment is recorded at cost, or if donated, such assets are recorded at the estimated fair value at the date of receipt. Depreciation is computed using the straight-line method over estimated useful lives ranging from three to ten years. Buildings are depreciated over an estimated useful life of 40 years. Leasehold improvements are amortized over the lesser of the remaining life of the lease or the estimated useful life of the improvements. Property and equipment purchased with donor-restricted funds are reported as net assets without donor restriction upon acquisition of the assets and the assets are placed in service.

Expenditures for repairs and maintenance are charged to expense as incurred. UNCF follows the policy of capitalizing interest as a component of property and equipment constructed for its own use and depreciation or amortization of an asset begins when the asset is available for its intended use.

(f) Capitalized Software

Certain costs to develop or obtain internal use software are capitalized in accordance with FASB ASC Topic 350-40, *Accounting for the Costs of Software for Internal Use*. After all substantial testing and deployment is completed and the software is ready for its intended use, internally developed software costs are amortized using the straight-line method over the estimated useful life of the software.

The balance of capitalized software at March 31, 2020 and 2019, included in other assets in the accompanying statements of financial position pertains largely to the costs incurred for the Gates Millennium Scholars Program (GMSP) project implementation of its Enterprise Scholarship Application and UNCF Student Tracking, Award and Response (STAR) system. Amortization expense for the years ended March 31, 2020 and 2019 amounted to \$333,799 and \$634,828, respectively.

(g) Impairment of Long-Lived Assets

UNCF reviews the carrying amounts of assets whenever events or circumstances indicate that such carrying amounts may not be recoverable. When considered impaired, the carrying amount of the asset is reduced, by a charge to the accompanying statements of activities, to its current fair value.

(h) Collections Acquired

Accessions of collection items are capitalized at cost, if the items are purchased, or at their fair value on the accession date, if the items are contributed. Gains or losses from deaccessions of these items are reflected in the accompanying statement of activities as changes in the appropriate net asset classes, depending on the existence and type of donor-imposed restrictions.

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(i) Distributions to Member Institutions

UNCF accrues expenses due to member institutions and, occasionally, nonmember institutions of higher education up to the amount by which support and collections of pledges, including the values attributed to gifts-in-kind, exceeds program, fundraising, and administrative expenses. Regular distributions and other distributions, such as joint campaign and designated gifts, are made on an ongoing basis.

(j) Net Assets – Without Donor Restrictions

Net assets without donor restrictions consist of undesignated and board designated net assets and include gifts, grants, investment income, or other resources where donors have not specified any purpose for which such resources are to be used. Undesignated net assets are funds that are currently available to support UNCF's daily operations. Board designated net assets consist of funds without restriction designated by the Board of Directors for scholarships and capital projects.

(k) Net Assets – With Donor Restrictions

Net assets with donor restrictions consist of assets whose use is limited by donor-imposed, time and/or purpose restrictions. The organization is permitted to use or expend the donated assets in accordance with donor restrictions. When a time and/or purpose restriction expires or is met, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the accompanying statement of activities as net assets released from restrictions.

Donor restricted contributions and gifts whose restrictions are met in the same year of receipt are classified as revenues without donor restrictions in the accompanying statement of activities.

Included in net assets with donor restrictions category are gifts and bequests where donors have stipulated that the principal be maintained permanently by UNCF. These gifts are invested by UNCF's management. Generally, there have been no permanent restrictions placed upon UNCF's investment earnings. However, most of the earnings are specified by the donors to support scholarships or program development. Net gains with no permanent restrictions, and that are not specified by the donors to support scholarships or program development, may be used for general purposes at the discretion of the Board of Directors.

FASB ASC Topic 958-205, *Reporting Endowment Funds*, provides guidance on the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA). UNCF is subject to the State of New York's UPMIFA and has adopted FASB ASC Topic 958-205, as required. UNCF has interpreted the State of New York's UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, UNCF classifies as net assets with donor restrictions held 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.

The associated gains and income on donor-restricted endowment funds are classified as net assets with donor restrictions until those amounts are appropriated for expenditure by UNCF in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, UNCF

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

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

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires UNCF to retain as a fund of perpetual duration. UNCF had no such deficits at March 31, 2020 and 2019.

(I) Endowment Investment and Spending Policies

Endowment assets include those assets of donor-restricted funds that UNCF must hold in perpetuity or for a donor-specified period. UNCF has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowments.

Preservation of capital is foremost, followed by preservation of purchasing power and growth of assets. The investment policy establishes an achievable return objective through diversification of asset classes. The current long-term return objective is to attain an average annual real return (net of investment and management fees) of 5% above the Consumer Price Index (CPI). It is recognized that the real return objective will be difficult to attain in every period, but it should be attainable over the long-term. To satisfy its long-term rate-of-return objectives, UNCF relies on a total return strategy, designed to deliver superior risk adjusted returns in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). UNCF targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk parameters.

UNCF's fiscal policy governs the use of resources in the various endowed funds for program expenses and administrative costs. Endowment funds are used for the specified purposes, or over the specified time period, designated by the donors. The amount of endowment funds available for use is based on the realized and unrealized cumulative investment income gains and losses in excess of the respective endowment's principal balance multiplied by 5% of the average 3-year market value. These funds are used, with respect to any endowment restrictions, to support new initiatives or new one-time or short-term (2–3 years) activities, subject to the submission of a business plan that has been reviewed and endorsed by executive management and approved by UNCF's Board of Directors. Once approval

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of an initiative or activity is obtained from the Board of Directors, the use of the endowment funds is incorporated into the operating budget process and distributions are based on the budgeted amounts.

(m) Revenue Recognition

Revenue is recognized during the period in which it is earned. Revenue received in advance and not yet earned is deferred to the applicable period.

(n) Donated Services

The value of certain services provided to and/or paid on behalf of UNCF's programs, that are susceptible to objective measurement or valuation have been reflected in the financial statements (see note 17). Additionally, a substantial number of volunteers have donated significant amounts of time to UNCF's program services and to its fund-raising campaigns. Although the value of these services is significant, UNCF does not record such value in its financial statements since the criteria for recognition is not met in accordance with FASB ASC Topic 958-605-25, *Not-For-Profit Entities – Revenue Recognition*.

(o) Expenses

Expenses are recognized by UNCF during the period in which they are incurred. Expenses paid in advance and not yet incurred are deferred to the applicable period.

(p) Functional Allocation of Expenses

The costs of providing various programs and supporting services have been summarized on a functional basis in the accompanying statement of activities. The statement of functional expenses presents expenses by function and natural classification. Certain categories of expenses are attributable to both program services and supporting activities. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy, salaries and benefits, and cost of technology, which are allocated based on a square-footage, estimates of time and effort, and direct consumption methodology, respectively.

(q) Use of Estimates

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

(r) Financial Instruments and Credit Risk

Financial instruments which potentially subject UNCF to concentrations of credit risk consist principally of investments, pledges receivable, and certain revenue sources. UNCF places its investments at creditworthy financial institutions. By policy, these investments are kept within authorized limits designed to prevent risks caused by concentration. Credit risk with respect to pledges receivable is generally limited, except as follows, because UNCF deals with a large number of donors and has maintained long-term relationships with these donors. Approximately 52% of pledges receivable for fiscal years ended March 31, 2020 and 2019 were from two major donors.

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As of March 31, 2020, UNCF had no other significant concentration of credit risk, except as described in note 4.

(s) Fair Value Measurements

UNCF follows FASB ASC Topic 820, *Fair Value Measurements and Disclosures*, which requires additional footnote disclosures about the inputs used to develop the measurements of fair value and the effect of certain measurements reported in the accompanying statements of activities and as described in note 9.

(t) Recent Accounting Pronouncements

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*. ASU 2014-09 requires an entity to recognize revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration (that is, payment) to which the entity expects to be entitled in exchange for those goods or services. Five key steps will be required to assess revenue recognition along with enhanced disclosures. The amendment is effective for fiscal years beginning after December 15, 2018. The effective date of this ASU was delayed one year through ASU 2020-05 to become effective for the fiscal years beginning after December 15, 2019 and subsequent interim periods. UNCF plans to adopt this ASU in fiscal year 2021.

(u) Summarized Financial Information for 2019

The accompanying financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with UNCF's financial statements for the year ended March 31, 2019, from which the summarized information was derived.

(v) Reclassifications

Certain prior year amounts have been reclassified to conform to the current year presentation.

(3) Income Taxes

UNCF is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, except on net income derived from unrelated business activities. At March 31, 2020 and 2019, UNCF has determined that no income taxes are due for such activities. Accordingly, no provision for income taxes has been recorded in the accompanying financial statements. Management reviews its tax position under applicable laws and has determined that there are no material uncertain tax positions that require recognition in the financial statements. UNCF files IRS Form 990 annually and is still open to examination by taxing authorities for fiscal year 2012 and later.

(4) Uninsured Cash Balances

UNCF places its cash and cash equivalents with high credit quality financial institutions that are federally insured for \$250,000 and \$500,000 under the Federal Depository Insurance Corporation Act (FDICA) and the Securities Investor Protection Corporation (SIPC), respectively. Amounts held in excess of the FDICA limits were \$22,303,249 and \$9,775,534 at March 31, 2020 and 2019, respectively. Amounts held in excess of the SIPC limits were \$21,475,668 and \$8,798,009 at March 31, 2020 and 2019, respectively.

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UNCF has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on its cash and cash equivalents.

(5) Short-Term Investments

Short-term investments are held, invested, and managed by UNCF and financial institutions, subject to guidelines established by UNCF, GMSP, and its respective Investment Committees. Short-term investments, at fair value, consist of the following at March 31:

	2020	
	UNCF	GMSP
Money market funds	\$ 13,404,398	64,131,704
Certificates of deposit, commercial paper, and other short-term investments	679,404	—
Total short-term investments	<u>\$ 14,083,802</u>	<u>64,131,704</u>

	2019	
	UNCF	GMSP
Money market funds	\$ 14,206,684	57,036,415
Certificates of deposit, commercial paper, and other short-term investments	676,927	—
Total short-term investments	<u>\$ 14,883,611</u>	<u>57,036,415</u>

(6) Pledges Receivable

Pledges receivable are unconditional promises to pay certain amounts and consist of the following at March 31:

	2020	2019
Unconditional pledges receivable before unamortized discount and allowance for uncollectible amounts	\$ 38,552,990	36,891,174
Less:		
Unamortized discount	(298,028)	(251,764)
Allowance for uncollectible amounts	(781,933)	(869,816)
Net unconditional pledges receivable	<u>\$ 37,473,029</u>	<u>35,769,594</u>

Management evaluates the collectability of its receivables and records an allowance for estimated uncollectible amounts. Pledges due beyond one year were discounted at an annual rate ranging from 0.85% to 2.73%. The discount will be recognized as contributions and gifts revenue in fiscal years 2021 through 2026, as the discount is amortized using an effective yield over the duration of the contributions.

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The expected future cash receipts for UNCF are as follows:

	<u>2020</u>	<u>2019</u>
Amounts due in:		
Less than one year	\$ 23,214,750	24,428,682
One to five years	<u>15,338,240</u>	<u>12,462,492</u>
Pledges receivable before discount and allowance	<u>\$ 38,552,990</u>	<u>36,891,174</u>

(7) Long-Term Investments

Investments held for long-term purposes and at fair value consist of the following at March 31:

	<u>2020</u>	<u>2019</u>
Fixed income	\$ 10,568,456	11,488,656
U.S. and global equities	55,272,355	63,634,082
Cash equivalents	2,626,490	913,894
Hedge funds	19,943,719	21,804,392
Designated fixed income	30,622,882	40,412,629
Private equities	<u>34,988,539</u>	<u>41,126,821</u>
Total long-term investments	<u>\$ 154,022,441</u>	<u>179,380,474</u>

Investments held for long-term purposes include investments for which the Board of Directors and member institutions have earmarked the proceeds from the liquidation of such investments to be utilized primarily for distribution equalization in low-income years and endowment funds for which donors have stipulated that the principal remain intact.

Investments in various funds held in fixed income, U.S. and global equities, hedge funds, designated fixed income and private equities are valued based on UNCF's share of net assets in the underlying investment portfolios. The underlying investment portfolios are valued by the respective investment managers at quoted market prices or estimated fair values for positions for which there is a limited market. Management reviews and evaluates the values provided by the fund managers and general partners and agrees with the valuation methods and assumptions used in determining the fair value of these alternative investments.

During fiscal year 2016, UNCF received a restricted contribution in the form of private stock valued at \$29,967,200. This contribution is included in investments valued using NAV as a practical expedient (see note 9), along with UNCF's other holdings of illiquid private equities. The fair value of the stock at March 31, 2020 and 2019 was \$26,802,411 and \$35,297,711, respectively.

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(8) GMSP Long-Term Investments

Investments in this portfolio are all fixed income securities, are held for long-term purposes and at fair value, and are composed of the following at March 31:

	<u>2020</u>	<u>2019</u>
U.S. government securities	\$ 81,486,210	137,484,089
Commercial mortgage-backed securities	596,010	804,741
Asset-backed securities	183,358	290,790
Corporate debt securities	113,569,264	124,792,589
Cash equivalents	<u>10,097,413</u>	<u>8,510,392</u>
Total investments held for long-term purposes	205,932,255	271,882,601
Receivable for unsettled investment trades	<u>5,766</u>	<u>12,938</u>
Total GMSP investments held for long-term purposes – net of receivable	<u>\$ 205,938,021</u>	<u>271,895,539</u>

As a dedicated defeasance portfolio, all of these securities have definite stated maturities and predictable cash flows. GMSP long-term investments are accounted for based on the trade date. Consequently, there were \$5,766 and \$12,938 receivable for unsettled trades at March 31, 2020 and March 31, 2019, respectively. These investment receivables are reported separately in the accompanying statements of financial position.

(9) Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price). UNCF utilizes market data or assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable. UNCF primarily applies the market approach for recurring fair value measurements and endeavors to utilize the best available information. Accordingly, UNCF utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs.

UNCF is able to classify fair value balances based on the observability of those inputs. UNCF's assessment of the significance of a particular input to the fair value measurements requires judgment and may affect the valuation of fair value of assets and liabilities and their placement within the fair value hierarchy levels. Also, the time between inception and performance of the contract may affect the fair value. The determination of fair value may, therefore, affect the timing of recognition of revenues and change in net assets.

FASB ASC Topic 820 establishes a fair value hierarchy that gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of fair value hierarchy are as follows:

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Level 1 Inputs: Valuation based on quoted prices in active markets for identical assets or liabilities that a reporting entity has the ability to access at the measurement date, and where transactions occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 Inputs: Valuation based on inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, that is markets in which there are few transactions, prices are not current, or prices vary substantially over time.

Level 3 Inputs: Valuation based on inputs that are unobservable for an asset or liability and shall be used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. This input therefore reflects UNCF's, and other independent third parties' if and where available, assumptions about what market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. This classification does not imply a lack of liquidity of the investment. UNCF has a target allocation of approximately 20% nonmarketable alternative investments (private equity). Further, 45% and 46% of the UNCF long-term portfolio has monthly or better liquidity while approximately 23% and 22% of this portfolio has quarterly liquidity via its marketable alternative investments held at March 31, 2020 and 2019, respectively. UNCF carefully monitors these positions as it conducts periodic reviews of both asset allocation and performance.

All short-term investments (see note 5) are classified as Level 1 investments under the FASB ASC Topic 820 hierarchy.

The following tables present UNCF's long-term investments (see note 7) that are measured at fair value on a recurring basis as of March 31, 2020 and 2019:

	Level 1	Level 2	Level 3	NAV	2020 Totals
Investments:					
U.S. and global equities	\$ 9,339,759	—	—	—	9,339,759
Designated fixed income	30,622,882	—	—	—	30,622,882
Cash equivalents	2,626,490	—	—	—	2,626,490
Investments valued using NAV as a practical expedient	—	—	—	111,433,310	111,433,310
Total	\$ 42,589,131	—	—	111,433,310	154,022,441

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	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>NAV</u>	<u>2019 Totals</u>
Investments:					
U.S. and global equities	\$ 11,408,632	—	—	—	11,408,632
Designated fixed income	40,412,629	—	—	—	40,412,629
Cash equivalents	913,894	—	—	—	913,894
Investments valued using NAV as a practical expedient	—	—	—	126,645,319	126,645,319
Total	<u>\$ 52,735,155</u>	<u>—</u>	<u>—</u>	<u>126,645,319</u>	<u>179,380,474</u>

The following table presents the GMSP's long-term investments (see note 8) that are measured at fair value on recurring basis as of March 31, 2020 and 2019:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>2020 Totals</u>
Investments:				
U.S. government securities	\$ 81,486,210	—	—	81,486,210
Commercial mortgagebacked securities	—	596,010	—	596,010
Asset-backed securities	—	183,358	—	183,358
Corporate debt securities	113,569,264	—	—	113,569,264
Cash equivalents	10,097,413	—	—	10,097,413
Total	<u>\$ 205,152,887</u>	<u>779,368</u>	<u>—</u>	<u>205,932,255</u>

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>2019 Totals</u>
Investments:				
U.S. government securities	\$ 137,484,089	—	—	137,484,089
Commercial mortgagebacked securities	—	804,741	—	804,741
Asset-backed securities	—	290,790	—	290,790
Corporate debt securities	124,792,589	—	—	124,792,589
Cash equivalents	8,510,392	—	—	8,510,392
Total	<u>\$ 270,787,070</u>	<u>1,095,531</u>	<u>—</u>	<u>271,882,601</u>

For both years ended March 31, 2020 and 2019, there were no transfers in and out of Level 3 measurements. The following methods and assumptions were used to estimate the fair value of each class of financial instrument for which it is practicable to estimate that value:

Equities – UNCF's holdings of equity securities refer to both *U.S.* and *Global Equities* and thus represent the publicly listed shares on regulated exchanges of various companies or commingled investment funds holding these types of securities. As publicly listed securities, prices and thus valuations are readily

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available via regular trading between specialists, market makers and multiple principals and agents. Bid and offer quotes are continuously available. The commingled investment funds are valued using net asset value.

Fixed Income – *Fixed Income* and *designated fixed income* securities are comprised of U.S. and global government bills, notes and bonds (including agency issues, Treasury Inflation Protection Securities and various zero-coupon issues) and also various types of corporate bonds (including asset-backed securities, both residential and commercial mortgage-backed securities and debentures) or commingled investment funds holding these types of securities. A portion of the designated fixed income securities are readily determinable marketable securities whose quoted prices are available in the open market. The remaining fixed income securities are based on net asset values as a practical expedient for fair value.

Alternative Investments – UNCF's alternative investments fall into one of two categories – *Private Equity* and *Hedge Funds*. Individual holdings within the alternative investments may include investments in both nonmarketable (unlisted) and marketable (listed, publicly traded) securities. UNCF's alternative investments are held in various classes of investments. Given the absence of market quotations for some of these investments, fair value is estimated using net asset value as a practical expedient.

While these financial instruments contain varying degrees of risk, UNCF's exposure with respect to each such investment is limited to its carrying amount (fair value as described above) in each investment. The financial statements of the investees are audited annually by nationally recognized independent auditors. In addition, UNCF has implemented a system whereby its own master custodian performs monthly and/or quarterly reconciliations with all of its outside managers and a comprehensive annual review that is timed to coincide with UNCF's fiscal year-end.

Cash Equivalents – Cash Equivalents are invested in traditional money market funds that target a stable, daily net asset value and that are regulated under the Investment Company Act of 1940. These traditional money market funds are restricted to invest only in those securities permissible under Rule 2a-7 of the Investment Company Act of 1940 and typically refer to the high-quality rated debt instruments of various issuers that have maturities of 3-months or less, with a weighted average maturity of 60 days or less and with no more than 5% in any one issuer. These money market instruments include Treasury Bills, Certificates of Deposit, commercial paper, repurchase agreements and other acceptable short-term debt instruments.

Investment Derivatives – UNCF's investment managers may employ derivatives in order to manage market risks, arbitrage mispricing of securities, or replicate long or short positions in a cost-effective manner. In no instance are derivatives used to speculate or leverage positions. All derivative investments are carried at fair value and are reported in investments on the statement of financial position. The derivatives are held with two different counterparties and are subject to master netting agreements. The master netting agreements allow UNCF to offset net positions by counterparty and available collateral held. Financial futures contracts have fair value of (\$5,686,188) and (\$5,714,063) at March 31, 2020 and 2019, respectively. The fair value for these contracts are reported as GMSP long-term investments.

Methodology and Process

UNCF's Management and UNCF's investment advisor, both working in conjunction, (i) performs on-going due diligence on outside managers including, among other things, vetting, monitoring developments

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involving operations, firewalls and best practices, and compliance oversight; (ii) ensures proper benchmarking where applicable against certain indexes (e.g., MSCI EAFE, MSCI Emerging Markets, Barclays Aggregate Bond Index, HFR, S&P 500 Index, and Dow Jones Industrial Average, among others); and (iii) reports on changes in overall market conditions. The investment advisor and UNCF Management also have regular calls with management of the outside fund managers, conduct intermittent in-person and on-site meetings, and conduct periodic and ad hoc meetings with the investment committee, as necessary.

UNCF's Management and the investment advisor also analyze and report to the investment committee on the portfolios' overall performance and compliance. Finally, the UNCF Management and the advisor make regular proactive recommendations for the investment committee to consider with a view towards improving the overall management and performance of the portfolio.

The following table summarizes UNCF's investments with a reported NAV as of March 31, 2020:

Investment type	Fair value	Redemption frequency	Redemption notice period (days)
U.S. and global equities	\$ 45,932,596	Monthly, quarterly	1–180 days
Hedge funds	19,943,719	Quarterly, monthly, annually	8–95 days
Fixed income	10,568,456	Daily, annually	10–90 days
Private equities	34,988,539	N/A	N/A
	<u>\$ 111,433,310</u>		

The following table summarizes UNCF's investments with a reported NAV as of March 31, 2019:

Investment type	Fair value	Redemption frequency	Redemption notice period (days)
U.S. and global equities	\$ 52,225,450	Monthly, quarterly	1–180 days
Hedge funds	21,804,392	Quarterly, monthly, annually	8–95 days
Fixed income	11,488,656	Daily, annually	10–90 days
Private equities	41,126,821	N/A	N/A
	<u>\$ 126,645,319</u>		

UNCF's investments in U.S. and global equities, and fixed income asset classes, which are recorded at net asset value, and represent investments in various commingled investment funds and other marketable securities.

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UNCF's investments in hedge funds seek to provide investors with maximum appreciation of capital while limiting down-side risk. It does so by investing with a diversified group of hedge funds and fund-of-funds. Where hedge funds take direct positions, fund-of-funds invest with underlying sub-managers that employ various hedging strategies typically by simultaneously investing in long and short positions in various securities. These funds may utilize leverage to magnify the effects of securities selection and especially price movements. Additionally, most of UNCF's hedge fund positions were out of the mandatory lock-up periods.

UNCF's investments in private equities seek to provide investors with reasonable returns compared to comparable market indexes utilizing a pool of nonmarketable private equity funds. The funds have different lock-up structures that lead to varying withdrawal restrictions or possible redemptions of capital. The typical cycle provides for an initial investment period usually ranging anywhere from 1-5 years, followed by a growth and management phase that typically runs anywhere from 2-10 years, or longer. Over this entire period, capital is both periodically called and distributed according to the realization/distribution of investment earnings and/or returns.

UNCF does not intend to sell any of the funds at an amount different from net asset value per share at March 31, 2020 and 2019. Outstanding funding commitments for nonmarketable alternative investments, based on the terms of the underlying investment agreements, amounted to \$10,812,046 and \$8,820,233 as of March 31, 2020 and 2019, respectively.

(10) Property and Equipment

Property and equipment utilized at national headquarters and regional field offices are summarized as follows:

	<u>2020</u>	<u>2019</u>
Land	\$ 6,350,000	6,350,000
Building and improvements	23,294,701	23,281,722
Furniture and fixtures	950,755	950,755
Computers and equipment	3,441,363	3,441,363
Construction in progress	—	7,294
	<u>34,036,819</u>	<u>34,031,134</u>
Total property and equipment	34,036,819	34,031,134
Less accumulated depreciation and amortization	<u>(8,659,243)</u>	<u>(7,825,338)</u>
	<u>\$ 25,377,576</u>	<u>26,205,796</u>

Depreciation and amortization expense for the years ended March 31, 2020 and 2019, was approximately \$1,167,705 and \$1,500,537.

(11) Collections Acquired

UNCF's collection items amounting to \$6,929,250 consisted of donated works of art received from the Estate of Benny Andrews Foundation, Inc. An independent appraisal was used to measure the fair value at

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date of gift. Through March 31, 2019, in accordance with the donor's intent, UNCF distributed \$5,515,000 of this artwork to member colleges and other entities. As of March 31, 2020, UNCF held the remaining \$1,414,250 of this collection within a secured environment for future planned distribution.

(12) Gates Millennium Scholars Program

During the fiscal year ended March 31, 2000, UNCF received a grant from the Bill and Melinda Gates Foundation (the Foundation) for \$1 billion over a 20-year period or approximately \$50,000,000 per year to administer the GMSP.

The purpose of the grant is to provide scholarships, fellowships, and leadership opportunities for approximately 20,000 outstanding low-income African-American, Native-American, Hispanic-American, and Asian-American students to attend the undergraduate and graduate educational institutions of their choice. This grant is conditioned on UNCF's successful annual administration of the GMSP as determined by the administration agreement and the Foundation.

During the fiscal year ended March 31, 2004, the original grant agreement was restated to increase the grant amount by \$42,000,000 and eliminate the previous arrangement of annual installments, replacing it with a lump-sum payment and a series of annual payments. The cumulative payments through March 31, 2005, were \$1,042,000,000. During the fiscal year ended March 31, 2006, the Foundation approved enhancements to the original program and awarded the GMSP an additional amount not to exceed \$58,003,043, of which \$35,000,000 was received during fiscal year 2006. The balance of \$23,003,043 was received during the fiscal year ended March 31, 2007. An additional enhancement grant of \$10,681,794 to support Early Outreach, Male Initiative, Alumni Development, and other leadership initiatives was awarded and received as of the fiscal year ended March 31, 2007. Cumulative enhancement grant payments through March 31, 2007 were \$68,684,837. Additionally, during the fiscal year ended March 31, 2007, the original cost estimates for the GMSP were evaluated, and it was determined that additional funding would be required in order for the GMSP to achieve its original objectives. Consequently, the Foundation agreed to provide additional funding up to a maximum of \$472,699,156. The cumulative payments received through March 31, 2012 totaled \$1,322,879,941.

At a meeting with the Foundation in December 2012, the Foundation determined that no further funding was required based on an anticipated value for the program of \$439,032,187. If the terminal surplus does not accrue as anticipated, the payment dates and amounts of future installments, if any, will be determined by the Foundation in collaboration with UNCF. The Foundation will provide UNCF with no less than thirty (30) days prior written notice of the date and amount of each disbursement.

During the fiscal year ended March 31, 2015, the Gates Foundation asked UNCF in its role as GMSP Administrator to present a ramp down plan for the program projecting student enrollment and scholarship and administrative expenditures through the program's termination in the spring 2029. Working collaboratively with the GMSP partner organizations and UNCF's leadership, the GMSP staff submitted the final plan to the Foundation in February 2017. As of March 31, 2020 and 2019, the plan accepted by the Foundation, anticipates \$163,777,150 and \$230,608,973 in scholarship expenses and \$38,283,653 and \$46,633,070 in administrative expenses respectively.

In May of 2019, the original grant agreement between the Foundation and UNCF to administer the GMSP was amended and restated. The revised agreement kept the purpose of the original grant and

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modified the reporting schedule and due dates as well as added a payment schedule for the return of terminal surplus funds. UNCF agreed to return a portion of the anticipated terminal surplus funds in the amount of \$39,000,000 over five years. The funds are to be paid to the Foundation in September of each year as follows: \$5 million in 2020, \$8 million in 2021, \$10 million in 2022, \$10 million in 2023, \$6 million in 2024 with any remaining surplus to be paid at the terminus of the program in 2029. As of March 31, 2020, the installment payments due in September 2020 and 2021 of \$13 million were accrued in the statement of financial position. Per the agreement with the Foundation, the amounts due after 2021 are open for re-negotiation; as such, they were not accrued.

GMSP funds are invested and held in separate investment accounts by UNCF, and all investment gains and losses and interest and dividends earned are restricted for the purpose of the grant (see notes 8 and 9).

In accordance with FASB ASC Topic 958-605-25, revenue recognition is based on the unconditional/conditional promise to give. The restated grant agreement requires UNCF to abide by specific performance metrics. If performance metrics are not met, the grant agreement may be terminated, and any unspent funds, including the accumulated returns on invested assets, will be returned to the Foundation.

In addition, the agreement also outlines general conditions that stipulate (i) in the event of a modification, enlargement, frustration, or the impossibility of achieving the purposes of the grant agreement and/or (ii) UNCF's continued failure to perform any of its duties under the restated grant agreement and/or (iii) UNCF's failure to submit an acceptable annual budget and/or (iv) a significant leadership or other material change that may adversely threaten the administration and success of the GMSP, the Foundation has the discretion to cancel the grant agreement, suspend any further payments outstanding under the grant agreement, and/or require that any portion of the funds, including the accumulated returns on invested assets, that were distributed but unexpended to be repaid or transferred to another administrator.

Due to the conditions placed in the restated grant agreement, the funding was treated as a conditional promise to give. Therefore, the funding received was not recorded as revenue in the year received, but rather as a liability (refundable advances from donor) with revenue being recognized in the year in which the conditions are met. Returns on the GMSP investments are recognized as revenue and an increase in temporarily restricted net assets in the period such returns are generated by the underlying investments. As of March 31, 2017, all relevant conditions placed on the grant agreement had been met, or management determined that it was remote that they would not be met, and therefore all amounts received from the Foundation had been recognized as revenue.

(13) Line of Credit, Term Loan, and Note Payable

Line of Credit and Term Loan

With the Board of Directors authorization, in December 2015, UNCF transferred a term loan with an outstanding balance of \$4,337,396 for a term of four years with an interest rate of 3.25% per annum from JP Morgan Chase N.A. to Investors Bank. Under this arrangement, UNCF was required to make monthly principal and interest payments of \$90,319. This term loan was fully paid off on the maturity date of January 1, 2020. There are no further payments due to the lender by UNCF pursuant to the Term Loan or the Term loan note.

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UNCF also established a revolving line of credit (LOC) for a maximum amount of \$4,000,000 with Investors Bank, with a yearly renewable cycle, subject to no material changes in UNCF's financial condition. Amendment No.3 of the LOC expired on the maturity date of January 1, 2020. The LOC was reestablished on February 25, 2020 as Amendment No.4 under the original agreement, with a maturity date of October 31, 2021. There were no borrowings against the line of credit at March 31, 2020 and 2019.

Both the line of credit and term loan arrangement have restrictive covenants. At the end of each fiscal year, UNCF must maintain unrestricted and temporarily restricted cash plus investments, excluding assets designated for the GMSP to funded long term debt ratio of 1.25. In addition, there are certain financial reporting covenants that UNCF must comply with. UNCF was in compliance with its financial covenants as of March 31, 2020 and 2019.

Total incurred interest expense on the term loan arrangement amounted to \$13,573 and \$47,997 for the fiscal years 2020 and 2019, respectively.

(14) Bonds Payable

(a) Series 2010 Bonds

On June 14, 2010, UNCF signed a Purchase and Sale Agreement for the acquisition of approximately 50,000 square feet of commercial condominium units in a building to be constructed for the relocation of its headquarters. The total net acquisition cost was expected to be \$28,965,000. The acquisition and build out of the space has been financed through the issuance of \$26,000,000 in tax-exempt bonds (Series 2010 Bonds) and a contribution of approximately \$2,900,000, drawn from UNCF's long-term investment fund.

These tax-exempt bonds were issued on December 23, 2010, and bear interest at a fixed percentage rate between 5% and 6.875% with maturities ranging from one to thirty years.

As provided by the Indenture Trust, UNCF exercised the option of defeasance on the Series 2010 Bonds. On August 6, 2015, \$31,565,000 of the District of Columbia special obligation bonds (Series 2015 Bonds) with an interest rate of 3.61% were issued to advance refund \$25,195,000 of the Series 2010 outstanding bonds. The net proceeds of \$30,931,769 (after payment of \$633,231 in underwriting fees and other issuance costs) were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the bonds through July 1, 2020. As a result, the bonds are defeased and the liability for those bonds and related unamortized deferred financing costs have been removed from the financial statements.

(b) Series 2015 Bonds

Investors Bank purchased the Series 2015 Bonds, pursuant to and upon the terms and conditions set forth in the Bond Purchase and Continuing Covenants Agreement as of August 6, 2015 between Investors Bank and UNCF. The Series 2015 Bonds are special obligations of the District of Columbia (the District), the principal of, redemption premium, if any, and interest on which are payable solely from the revenues received under the Loan Agreement for the Series 2015 Bonds between the District and UNCF (Loan Agreement) and, to the extent provided in the Indenture Trust, dated August 1, 2015, between the District and the Trustee, pursuant to which the Series 2015 Bonds are currently issued

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and outstanding. Actual interest expenses incurred in 2020 amounted to \$1,020,236 and is included in the accompanying statements of activities.

To evidence and secure its obligations under the Loan Agreement, UNCF has executed a promissory note (Series 2015 Note) in the principal amount of \$31,565,000.

Commencing September 1, 2015 both principal and interest payments are due monthly, with all outstanding amounts related to the 2015 Series Note due on August 1, 2040. The Series 2015 Note is an unconditional general obligation of UNCF.

At March 31, 2020, the total amounts outstanding on the Series 2015 Bonds were as follows:

Year ending March 31:	
2021	\$ 930,000
2022	970,000
2023	1,005,000
2024	1,035,000
2025	1,080,000
Thereafter	<u>22,139,022</u>
	<u>\$ 27,159,022</u>

(c) Restrictive Covenants

UNCF must maintain a liquidity ratio of 1.25 to 1. Compliance will be based solely on the assets of UNCF, exclusive of the GMSP. In addition, there are also certain financial reporting covenants that UNCF must comply with. UNCF was in compliance with all of its financial covenants as of March 31, 2020 and 2019.

(d) Deferred Financing Costs

UNCF's bond financing costs for the years ended March 31, 2020 and 2019, such as underwriter fees, legal fees, and other direct costs, amounted to \$535,978 and \$562,230, respectively, and are included in the accompanying statements of financial position. These costs are being amortized using the straight-line method, which approximates the effective interest method, over the maturity of the respective debt. Amortization expense amounted to \$26,252 for the years ended March 31, 2020 and 2019.

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(15) Net Assets with Donor Restrictions

Net assets with donor restrictions consist of the unspent portion of contributions and gifts received by UNCF which have been restricted by the donor to be used for the purposes summarized below:

	<u>2020</u>	<u>2019</u>
Scholarships and special projects	\$ 148,107,524	161,292,987
Perpetual in nature	71,654,149	70,310,029
GMSP (note 12)	<u>258,352,986</u>	<u>328,931,975</u>
	<u>\$ 478,114,659</u>	<u>560,534,991</u>

Net assets with donor restrictions were released from restrictions for the following purposes:

	<u>2020</u>	<u>2019</u>
Scholarships and special projects	\$ 44,814,936	41,414,288
GMSP (note 12)	<u>79,899,214</u>	<u>81,511,729</u>
	<u>\$ 124,714,150</u>	<u>122,926,017</u>

(16) Endowment Net Asset Classifications

UNCF's endowments consist of 179 programs established for the purpose of funding scholarships. Net assets associated with the endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

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Changes in endowment net assets for the year ended March 31, 2020, are as follows:

	Without donor restrictions	With donor restrictions		
	Board designated	Purpose restricted	Perpetual in nature	Total
Net assets, beginning of year	\$ 4,621,198	25,810,608	70,310,029	100,741,835
Investment return:				
Investment income (loss)	7,425	170,688	—	178,113
Net realized and unrealized (loss)	(144,340)	(2,877,272)	—	(3,021,612)
Total investment return	(136,915)	(2,706,584)	—	(2,843,499)
Contributions	—	—	1,386,192	1,386,192
Transfers	—	—	(42,072)	(42,072)
Appropriation of endowment income for expenditure	(245,236)	(4,583,963)	—	(4,829,199)
Net assets, end of year	\$ <u>4,239,047</u>	<u>18,520,061</u>	<u>71,654,149</u>	<u>94,413,257</u>

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Changes in endowment net assets for the year ended March 31, 2019, are as follows:

	Without donor restrictions	With donor restrictions		
	Board designated	Purpose restricted	Perpetual in nature	Total
Net assets, beginning of year	\$ 4,779,321	28,721,368	70,233,397	103,734,086
Investment return:				
Investment income (loss)	2,459	74,151	—	76,610
Net realized and unrealized gains	79,759	1,495,421	—	1,575,180
Total investment return	82,218	1,569,572	—	1,651,790
Contributions	2,564	—	672,543	675,107
Transfers	—	—	(595,911)	(595,911)
Appropriation of endowment income for expenditure	(242,905)	(4,480,332)	—	(4,723,237)
Net assets, end of year	\$ 4,621,198	25,810,608	70,310,029	100,741,835

(17) Gifts-In-Kind and Donated Services

Donated services represent certain specialized services provided to UNCF for the various annual events and other UNCF programs and are comprised of advertising services, mailing, and marketing services. For the years ended March 31, 2020 and 2019, the fair value of these specialized services amounted to \$1,077,732 and \$912,233, respectively.

(18) Other Fundraising Activities

(a) Special Events

UNCF raised \$15,527,835 and \$16,494,857 in contributions from special fund-raising events and incurred related direct expenses of \$5,160,361 and \$5,278,019 in fiscal years 2020 and 2019, respectively. These amounts are reported in the accompanying statements of activities as contributions and gifts, net of the related direct expenses.

At the Annual Board meeting held March 4-5, 2020, UNCF management reported a robust total revenue projection of \$98 million for its annual campaign, including net revenue of \$14.2 million from special fundraising events. Within a week following the Board meeting, the COVID-19 virus was declared a global pandemic requiring the closure of physical locations of every non-essential business for what may be an extended period. On March 13, 2020, UNCF closed all twenty-three field offices and headquarters and canceled nine major fundraising events scheduled for the last three weeks of its

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fiscal year which ended March 31, 2020. As a result, net special event revenue sustained a decline from projections.

(b) Direct Mail

UNCF raised \$7,752,340 and \$7,567,407 in contributions through its direct mail campaigns and incurred related direct expenses of \$3,625,527 and \$3,251,033 in fiscal years 2020 and 2019, respectively.

(19) Retirement Plans

All full-time and part-time employees are eligible to participate in the retirement plan on the first day of employment. After completing one year of service, employees are eligible to receive employer contributions into the retirement plan. The plan consists of participant voluntary and contributory tax-deferred annuity plans through AXA-Equitable and Teachers Insurance and Annuity Association and/or the College Retirement Equities Funds (TIAA-CREF). Based on the percentage an employee defers, UNCF makes an additional matching contribution of up to 7%.

UNCF also has supplemental agreements with certain current and past key executives. In order to meet these obligations, UNCF maintains annuity contracts amounting to \$1,665,068 and \$1,838,364 as of March 31, 2020 and 2019, respectively, and these are included within other assets in the accompanying statements of financial position. The liabilities associated with these agreements amounted to \$945,734 and \$1,143,234 as of March 31, 2020 and 2019, respectively, and are included within accrued wages, vacation, and other related personnel expenses in the accompanying statements of financial position. UNCF believes it has sufficient operating cash to account for any shortfalls between the annuity contracts and the liability owed under these agreements.

UNCF's expense related to the retirement plan and the supplemental agreements was \$753,298 and \$774,951 for 2020 and 2019, respectively.

(20) Commitments and Contingencies

Operating Leases

UNCF leases space for its 21 regional field offices at various locations throughout the United States. Generally, the leases carry renewal provisions and require UNCF to pay maintenance costs. The lease for the various office leases for the regional locations expire at varying times through fiscal year 2025. On February 22, 2012, UNCF entered into a lease agreement for a portion of its new headquarters space commencing in November 2012 for a five-year period through October 2017 at an annual escalation rate of 5%. In November 2017, the lease was extended for an additional five years under the same agreement through October 2022.

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At March 31, 2020, aggregate net minimum annual rental commitments under the noncancelable operating leases, having an initial or remaining term of more than one year are as follows:

	<u>Rental commitment</u>	<u>Rental income</u>	<u>Net minimum annual rental</u>
Year ending March 31:			
2021	\$ 754,151	300,802	453,349
2022	485,284	73,020	412,264
2023	251,349	43,330	208,019
2024	153,013	—	153,013
2025	8,965	—	8,965
Thereafter	<u>—</u>	<u>—</u>	<u>—</u>
Total	<u>\$ 1,652,762</u>	<u>417,152</u>	<u>1,235,610</u>

Rent expense under these leases amounted to \$1,565,541 and \$1,537,640 for the years ended March 31, 2020 and 2019, respectively.

Other

UNCF is party to various legal actions and claims arising in the ordinary course of its business. UNCF's management believes that their ultimate disposition will not have a material adverse effect on UNCF's financial position or results of its operations.

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(21) Liquidity and Availability of Resources

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

	<u>March 31, 2020</u>
Cash and cash equivalents	\$ 23,685,359
Short-term investments	78,215,509
Long-term investments	359,919,176
Accrued investment income	1,244,775
Receivables, net	37,473,029
Assets held for supplemental employee benefits, net	441,073
Assets held for partner organizations, net	<u>462,031</u>
Total financial assets, end of year	<u>501,440,952</u>
Less those unavailable for general expenditure within one year, due to:	
Time restricted pledges due in greater than one year	(15,338,240)
Perpetual and term endowments and accumulated earnings, net	(90,174,209)
Purpose restricted grants, net	(371,989,855)
Unfunded capital commitments	(10,812,046)
Distribution commitments to UNCF member institutions	<u>(5,450,254)</u>
Total financial assets unavailable for general expenditures within one year	<u>(493,764,604)</u>
Total financial assets available for general expenditures within one year	<u>\$ 7,676,348</u>

UNCF's current year revenue adequately covers current year operating expenditures. UNCF has certain donor-restricted assets limited to use which are available for general expenditure within one year in the normal course of operations. Accordingly, these assets have been included in the qualitative information above. UNCF maintains cash and highly liquid securities sufficient to meet anticipated cash needs for operations, capital commitments and member distributions. Additionally, to help manage unanticipated liquidity needs, UNCF maintains a \$4,000,000 line of credit, as discussed in more detail in Note (13). As of March 31, 2020, \$4 million remained available on the UNCF's line of credit.

UNCF paid off its existing term loan on January 1, 2020 with the goal of setting aside equivalent amounts in future budgets to enhance its cash position.

(22) Related Parties

UNCF receives contributions from donor organizations that have representatives on UNCF's Board of Directors and from Board members themselves. UNCF received \$3,607,348 and \$8,402,178 in contributions from such related parties during the years ended March 31, 2020 and 2019, respectively. The contributions receivable from these related parties were \$454,216 and \$2,568,690 as of March 31, 2020 and 2019, respectively.

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Commencing on November 5, 2018, UNCF entered into a lease agreement with a major donor for a portion of its office space for a five-year period through November 2023 at an annual escalation rate of 3%. The total revenues earned under this agreement for the fiscal year ended March 31, 2020, was \$70,586.

(23) Subsequent Events

Risks and Uncertainties

At the Annual Board meeting held March 4-5, 2020, UNCF management reported a robust total revenue projection of \$78 million for its FY21 annual campaign. Within a week following the Board meeting, the coronavirus (COVID-19) was declared a global pandemic requiring the closure of physical locations of every non-essential business for what may be an extended period. On March 13, 2020, UNCF closed all twenty-three field offices and headquarters and canceled nine major fundraising events scheduled for the last three weeks of its fiscal year, which ended March 31, 2020. The duration of the virus, employee health and safety, vaccine development, social distancing, and working from home were all unknown variables. Future potential impacts may, therefore, include continued impairment of our ability to obtain contributions and volunteers.

As a result of these uncertainties and out of an abundance of caution, subsequent to year-end, UNCF Leadership, a) reduced the FY21 general operating revenue projection by 43% to \$20.2 million and general operating expenses by 45% to \$19.1 million. The reduction in the general operating expenses included employee salaries and benefits, and was approved by the Executive Committee of the Board in May 2020; b) engaged outside consultants to develop and implement new fundraising strategies to ensure stable performance; c) established an internal team to carefully monitor monthly cashflows and evaluate options for recommendation to Management.

In March 2020, UNCF's investment values have experienced a temporary decline. The impact of the COVID-19 outbreak on the financial performance of the UNCF's investments will depend on future developments, including the duration and spread of the outbreak and related advisories and restrictions. These developments and the impact of COVID-19 on the financial markets and the overall economy are highly uncertain and cannot be predicted. If the financial markets and/or the overall economy are impacted for an extended period, the UNCF's investment results may be materially adversely affected.

However, management is of the belief that the diversification of UNCF's invested assets among various asset classes should mitigate the impact of dramatic change on any one class. Further, because the values of UNCF's individual investments have and will fluctuate in response to changing market conditions, the amount of losses that will be recognized in subsequent periods, if any, cannot be determined. These trends may also influence the ability of donors to fulfill their pledges on a timely basis. Management has reviewed its contributions and gifts outstanding at March 31, 2020. It does not believe that the effects of the market conditions will have a material impact on UNCF's financial position.

Subsequent revenues are trending in a positive direction. At the end of its first quarter, UNCF reached 53% and 271% of its revised budget set for without-donor restrictions and with-donor restrictions revenues, respectively. UNCF management will continue to be vigilant in exercising heightened scrutiny of revenues for the duration of the fiscal year and beyond. Appropriate changes and adjustments will also be enforced to ensure the financial health, sustainability and successful going concern of the organization.

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Management's Evaluation

In accordance with FASB ASC Topic 855, *Subsequent Events*, management has evaluated any events or transactions occurring after March 31, 2020, the statement of financial position date, through August 6, 2020, the date the financial statements were available to be issued, and noted that except for the above, there have been no such events or transactions which would require adjustments to or disclosure in UNCF's financial statements for the year ended March 31, 2020.