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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.
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## DIRECTORS' LETTER

# Telling our Truth, Acknowledging our Wins and Blazing our Path Forward

A Message from the Chair of the Board and the President and CEO



MILTON H. JONES, JR. AND DR. MICHAEL L. LOMAX

Dear Friend,

Despite the swirling issues affecting our nation, we had another phenomenal year.

For the second year in a row, our fundraising total gifts exceeded \$200 million. UNCF's overall cash support for our member HBCUs was \$65 million, up from \$42 million the year before. We raised just under \$100 million for our strategic impact investment fund (SIIF), which started during fiscal year 2021.

The SIIF campaign has raised \$165 million in the two years it has been operating and its impact is far reaching. We exceeded our goals and the SIIF funds contributed to a significant increase in scholarships, emergency

student aid, scholarship endowments and capacity building for our member institutions.

In FY 2022, UNCF's Direct Response Program again showed its extraordinary fundraising power and resilience by generating \$16 million from individual donors through our direct mail and online engines.

These stellar accomplishments were made possible by the generosity and steadfast support of individual donors, corporate partners and the hard-working UNCF team.

Thanks to strong donor support and the dedicated UNCF team, we continued to deliver on our unwavering mission—building a robust and nationally recognized pipeline of African American students that help them become highly qualified graduates and leaders in our society.

Despite the challenges facing our students and HBCUs in FY 2022, thanks to you, our loyal supporters, partners and donors, UNCF remains steadfast. This annual report highlights several of the amazing accomplishments we have achieved with your help.

As you peruse this report, you'll read stories that clearly demonstrate how HBCUs fuel the American middle class and elevate the social mobility of Black students—mostly first-generation and from low-income families. Discover how UNCF is reimagining online education through HBCUv™, a shared online platform where students, educators and staff will be enabled to learn, develop and build community from anywhere. Once completed, HBCUv™ will offer best-in-class remote education, community engagement and career pathways to students seeking an HBCU education.

Learn how we partnered with the Thurgood Marshall College Fund and Blue Meridian Partners to launch a landmark collaboration to drive tangible, long-term progress across HBCUs and impact the Black economy. Called the "HBCU Transformation Project," the first-of-its-kind collaboration aims to increase HBCU sustainability, improve student outcomes, expand enrollment and increase capacity building with faculty and staff.

Read stories about financial support UNCF received in FY 2022 from several of our corporate partners, including Burlington, Macy's, Ralph Lauren and Target.

There's a story about a fireside chat with 12-time NBA All-Star and two-time Olympic gold medalist and Phoenix Suns guard Chris Paul discussing his strong support of HBCUs and how he has worked diligently to create opportunities for the student athletes at these institutions.

We're also featuring Dr. George T. French, Jr., the fifth president of Clark Atlanta University, the largest UNCF-member institution and the largest private HBCU within the state of Georgia.

As you read through the articles within this annual report, know that your investment of talent, time and treasure is greatly appreciated and valued as we work to support HBCUs, empowering the future generation of diverse, American college-educated talent to lead us all to better futures.

We still have much to do. Two record-setting years of fundraising does not erase decades of societal struggle. So whether you've invested in UNCF's schools and students for years or this is the first time you're considering joining us, let our more than 78 years of success inspire you to make our indelible motto, "A mind is a terrible thing to waste,"<sup>®</sup> your own.

Sincerely,

A handwritten signature in black ink, appearing to read "Milton H. Jones, Jr.", with a stylized, flowing script.

Milton H. Jones, Jr.  
Board Chair, UNCF

A handwritten signature in black ink, appearing to read "Michael L. Lomax", with a stylized, flowing script.

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

## IMPACT

# Dr. George T. French, Jr.: A Man on a Mission



**W**hen much of the world shut down because of the COVID-19 pandemic, CAU's president kept his focus.

During his first two years as president of UNCF-member Clark Atlanta University (CAU), Dr. George T. French, Jr. stayed focused on helping his students, even amid the pandemic that brought much of the world to a near stand-still. Many students were already dealing with financial and social challenges, and the pandemic added new levels of difficulty. French concentrated on providing ways to help his students during the unprecedented crisis, establishing partnerships to provide free laptops for online learning, paying down student debt and creating a platform so students' concerns could be immediately heard and addressed while dealing with the stress and uncertainty of COVID-19.

When asked during an interview with *The Atlanta Voice* about recruitment challenges facing HBCUs in today's economy, French said, "Within the landscape of HBCUs, we are not monolithic. We have different classes,

different missions, we have different capacities. If your choice is between Howard and Clark, truth of the matter is that you don't have to sell those schools. The question is what kind of financial aid package can you offer the best and the brightest. It's not that they don't want to come to CAU; it's how can we make it advantageous to them financially.

"We know we are in an environment where national debt is up, and student loan debt is increasing exponentially. But the fact of the matter is that when you graduate from a top tier HBCU like Clark Atlanta University, you are going to see the natural return on your investment. We try to keep the dollars down as much as we can. We can't lower tuition, so we have to increase aid to our students. That is the main challenge when it comes to recruiting," French added.

When asked for his opinion whether HBCUs are changing fast enough to keep pace with a forever changing workplace, French said, "It is a challenge. We adjust based on the marketplace. We have done well. We need to do better.

"Currently, CAU is keeping up very well with the marketplace in all aspects, whether it's mass media arts from a journalistic perspective, whether it's a digital approach, expanding our scope in business to entrepreneurship and innovation; so, we aren't just training our students to get a job. In education, we have the latest teaching and learning mechanisms. We've done well," he said. "We can do better in the STEM disciplines and in some of the hard research areas, and we will do better with more financial support from the federal government."

French's outstanding leadership and dedication, and his steadfast commitment to HBCUs and their students, has been highly regarded, from his current post at Clark Atlanta University, to his former post at UNCF-member Miles College. In October 2022, French began his tenure as Chair of the UNCF Institutional and Individual Members.

Clearly, a man on a mission.



## IMPACT

# UNCF—More Historic Progress a Persistent Advocate for HBCUs during FY 2022



**U** NCF has long been at the forefront of advocating for historically Black colleges and universities (HBCUs). However, UNCF has increased its advocacy and now successfully lobbies the federal government—the largest source of higher educational funding—to increase its financial commitment to HBCUs. Over the past year, UNCF worked non-stop with the Biden administration and Congress to advocate for increased funding for HBCUs and foster transformative outcomes.

In May, UNCF Senior Vice President for Public Policy and Government Affairs Lodriguez V. Murray testified before the House Appropriations Committee. In this testimony, he outlined HBCU priorities, including the following:

- Increasing institutional support, the Title III Strengthening HBCUs Program, to no less than the authorized \$400 million level so that all HBCUs feel the program's continued financial growth

- Double the maximum Pell Grant award to assist minority and low-income students from its current \$6,345 to \$13,000
- Significantly increase funding and investments for technology and research at HBCUs to spur job creation and innovation
- Passing the HBCUs IGNITE Excellence Act, which provides desperately needed repairs and renovations for HBCU campus buildings and research facilities across the United States

While there were successes, including the HBCU inclusion in President Biden's February 2022 State of the Union Address, there were continued challenges. Bomb and other threats lodged against HBCUs took a major toll on staff time and resources. UNCF threaded the needle on how to laud the Biden Administration for being possibly—in only two years' time—the best presidential administration for HBCUs ever while still holding the U.S. Department of Justice and Federal Bureau of Investigations (FBI) accountable to make meaningful arrests, deterring others from threatening HBCUs. UNCF was front and center on both efforts, a task that would have been left undone without its leadership.

As the crown on an otherwise successful year, the President's debt relief program for student loan borrowers is a landmark accomplishment. President Biden initially planned to provide \$10,000 in debt relief qualifying borrowers. However, UNCF alone made the case that those who need the most relief should receive the most. Through its government affairs efforts, the organization insisted a "rising tide floats all boats" effort would not provide equity and advancement for high percentage of HBCU students and graduates who come from lower economic backgrounds and struggled to finance their education. The Biden administration then adopted the UNCF approach of providing double the relief—\$20,000—for Pell Grant recipients. When this debt relief is finally achieved, it will be a significant step for those not looking for a handout, but a long-deserved hand up.

Government relations, often political, is a touchy subject. However, by making the case for the virtuous HBCUs which have long been underfunded and the students who daily strengthen our nation, UNCF has been successful, making a real difference for those who need it most.

## IMPACT

# Drawing National Attention: UNCF Research Confirms HBCUs are a Solid Investment, Fueling the American Middle Class



One of the major media stories of FY 2022 in Black higher education appeared in the Wall Street Journal following a report issued by UNCF's Frederick D. Patterson Research Institute (FDPRI) on the social mobility of Black students attending historically Black colleges and universities (HBCUs).

The FDPRI report entitled, *HBCUs Transforming Generations: Social Mobility Outcomes for HBCU Alumni*, caught the attention of the *Wall Street Journal*. "Hard data about the value of a particular degree can be hard to come by. That's why a new study on historically Black colleges and universities is encouraging. The report was released by the United Negro College Fund's Frederick D. Patterson Research Institute," the *Journal* wrote.

“It finds that HBCUs are an under-appreciated vehicle for upward mobility for their overwhelmingly African American students. HBCUs developed in an era when discrimination, often government sanctioned, prevented many blacks from attending college. But the schools continue to prosper because they deliver a quality education that prepares students of any race to succeed in life. As a ticket to the middle class, they also help keep the American Dream alive,” the *Journal* wrote.

“This is the first time in my memory when a newly released UNCF research report received attention from the *Wall Street Journal*,” said UNCF President and CEO Dr. Michael L. Lomax.

“This report offers an equity-centered approach to understanding higher education outcomes for underserved students. The goal of a college degree is to fuel factual learning, maturity and growth and economic prosperity. Our research shows HBCUs contribute mightily to our well-being as a nation,” said FDPRI Director Dr. Nadrea Njoku.

“Investment in HBCUs builds institutions that are primary drivers of success for historically marginalized people. Contributing to the advancement of an HBCU directly influences the continued improvement of economic outcomes for Black Americans—and by extension, our society-at-large,” Njoku added.

According to the report, social mobility has emerged as a primary measure for understanding the return on investment for the families of college students as well as society more broadly. The report illustrated the effectiveness of HBCUs with educating African Americans and leading them to higher earnings after graduating from college.

HBCUs are a solid investment as the primary drivers for moving Black Americans from poverty to the middle class. And that investment helps ensure Better Futures® for us all.

## IMPACT

# UNCF partners with The Steve Fund to Support the Mental Health and Wellness of Black College Students



DR. JAN COLLINS EAGLIN (RIGHT) OF THE STEVE FUND JOINS UNCF ICB'S VICTORIA SMITH, ESQ., TO ANNOUNCE THE LAUNCH OF THE BLACK COLLEGE MENTAL HEALTH COMMUNITY OF ACTION DURING UNITE 2022 IN ATLANTA, GA.

PHOTO BY: ANDREW HUTH

**T**he continuing COVID-19 pandemic and heightened racial tensions in FY 2022 intensified the urgency to increase the reach and impact of mental health programming to support the well-being of students, faculty and staff at HBCUs and predominantly Black institutions (PBIs).

To address this situation, UNCF established a partnership with The Steve Fund, the nation's leading organization focused on promoting mental health and emotional well-being of young people of color.

Through the partnership, UNCF and The Steve Fund launched a newly established mental health initiative with customized strategies, content, programs, resources and events all designed to build knowledge and establish a community of action around mental health and emotional well-being of students, faculty and staff on HBCU and PBI campuses.

The partnership kicked off with a survey to announce the new initiative, which was distributed to HBCU students, faculty and staff to gauge the state of mental health on HBCU campuses. The organization received responses from 342 students and 419 faculty and staff representing 47 HBCUs. Among the findings:

- Students, faculty and staff all agree the top three mental health concerns for college students are: stress, anxiety and depression
- More than 65% of students shared that in a mental health crisis, they are most likely to speak to friends or family members
- While 83% of students believe their campuses are addressing mental health and well-being, 45% of students surveyed said they would not speak to anyone if they were in a mental health crisis
- An overwhelming majority of students, faculty and staff shared that they would like to keep informed on resources about mental health and well-being, yet 25% faculty/staff shared there is no training available about student mental health and wellness
- 72% of students are aware of their options for mental health counseling through their college/university, but only 52% feel comfortable visiting the university counseling center when a mental health issue arises

Nearly 70% of students expressed a desire to be informed about resources and events

regarding emotional well-being. Students reported that their campuses were addressing their mental health needs moderately well to extremely well. Most faculty and staff respondents welcomed increased support for and awareness of mental health resources for the entire campus community. Additionally, when asked whether they believed there were barriers preventing students from receiving adequate mental health care, faculty and staff were evenly split with 51% believing barriers do not exist.

“The Steve Fund is working to position UNCF students to achieve optimal mental health by equipping them with the skills, tools and knowledge they need to thrive as young adults, scholars and leaders,” says Dr. Annelle Primm, senior medical director at The Steve Fund. “Through our collaboration with UNCF, the Steve Fund expands its important partnership with higher education to foster the emotional well-being of students of color through productive dialogue, effective policies and successful

promotion of access to potent, culturally salient resources. It is imperative that the Steve Fund supports HBCUs in their critical mission. Our partnership in the mental health initiative is a strategic investment which will enhance cultivation of student potential and success.”

The objectives of the new partnership are to:

- Reduce stigma and promote knowledge, dialogue, awareness and around the mental health needs of HBCU and PBI students
- Engage HBCU campus leaders and mobilize a commitment to prioritize mental health support systems and services on their campuses
- Provide curated mental health recommendations to help HBCU and PBI administrators support their students
- Support HBCU and PBI institutions in their vitally important mission by assisting them as they promote student potential and success
- Provide the necessary tools, resources and supports HBCU and PBI students need to remain or become mentally well so they can advance their personal goals to matriculate through college and become the future leaders of tomorrow

“As America continues to battle the pandemic, this devastating disease has revealed just how much work we must do to provide adequate support to students, faculty and staff on HBCU campuses. We already know that the students we serve, and their educators must respond to generational trauma, racism and disinvestment to thrive—each of these challenges takes a toll on student and faculty mental health. Our schools and institutions need support to develop new and sustainable ways to provide care, mentorship and compassion to its students, staff and community members,” said Dr. Michael L. Lomax, president and CEO, UNCF. “Through this partnership with the Steve Fund, we will begin to develop programs and resources that will help aid HBCUs and others in an effort to create an environment conducive to mental health and the emotional well-being of students.”



## IMPACT

# UNCF's Target Scholars Program Supporting the Next Generation of Black Talent



PICTURED, TARGET'S BOARD CHAIRMAN AND CHIEF EXECUTIVE OFFICER BRIAN CORNELL (FRONT RIGHT), EXECUTIVE PRESIDENT AND CHIEF HUMAN RESOURCES OFFICER MELISSA KREMER (FRONT CENTER) AND TARGET'S BLACK OFFICER GROUP WITH HOWARD UNIVERSITY'S TARGET SCHOLARS. PHOTO BY: TAMARA PINKNEY

**A** longstanding donor and UNCF partner, Target made higher education more affordable during 2022 for 1,000 first-year Black students at more than a dozen private and public HBCUs through need-based scholarships of up to \$5,000 for the 2021-2022 academic year. This year, Target doubled the impact of their support.

In March 2022, Target made an additional investment to support the Target Scholars Program by offering an additional \$10,000 per scholar over the next three years to support the completion of their degrees.

For more than 20 years, Target has been a committed partner in helping UNCF achieve its important mission of supporting more HBCU students to get to and through college.



In addition to the scholarship funding, the Target Scholars Program provides students with demonstrated interest in pursuing careers in technology, leadership or design with four years of academic support as well as ongoing mentoring, internship opportunities, networking and more throughout their college career.

The Target Scholars Program fuels UNCF's ability to move the needle further for deserving, talented students who want to earn degrees but lack the resources to do so.

One of the key benefits for students participating in the Target Scholars Program is immediate access to dedicated college success coaches who deliver frequent and intentional engagement aimed at supporting the academic progress and professional development of Target Scholars. Engagement is geared toward acclimating students to the college experience and preparing them for key college milestones throughout their post-secondary experience to avoid barriers to persistence and completion.

"Target has proudly worked with UNCF and HBCUs for years, and we're excited to deepen our partnership and support to make college more affordable for the next generation of Black talent," said Ron Brown, vice president of community impact at Target. "We're looking forward to working alongside these students, providing support to help them succeed during and after college, and look forward to seeing the positive impact they are sure to have in their professional endeavors."

## INNOVATE

# Changing Lives: The Motor City Delivers Virtually in 2021



**H**ow do you make a huge difference for students in need despite a raging health pandemic that makes in-person events impossible? Just ask the residents of Detroit.

The 33rd annual UNCF Detroit Walk for Education was conducted virtually Saturday, Aug. 21, 2021. The morning began with a live program thanking presenting sponsor Ford Motor Company and acknowledging master's sponsors, AAA – The Auto Club Group and Emagine Entertainment, bachelor's sponsors Comerica Bank and Henkel Corporation, and the many volunteers who helped make the virtual walk a success amid the COVID-19 pandemic.

The program also included trophy presentations for the top fundraising teams in the following categories: Greek organizations, medium size corporations, and large corporations.

The program also gave participants the option to participate in a virtual warm-up and then were asked to move for at least 30 minutes—simulating the annual in-person walk experience.

The 33rd annual UNCF Detroit Virtual Walk for Education's fundraising goal was \$500,000. Thanks to the unwavering support of the Michigan community, the event raised a stunning \$694,000!

And that's how you build better futures for us all.

## INNOVATE

# Another Exceptional Year: UNCF's Direct Response Fundraising Program Charges Ahead



**D**uring fiscal year 2022, UNCF's direct response program again showed its extraordinary fundraising power and resilience by generating \$16 million in revenues through its direct mail and online engines.

UNCF received 171,200 gifts from individuals in the form of checks and online donations. The average gift was \$93, and the median gift was \$25. This shows the great commitment of our UNCF donors, friends and supporters to its mission.

The past three fiscal years have shown tremendous growth via direct response efforts. In 2020 and 2021, everyone careened through the emergence of the COVID-19 pandemic, with its attendant high

unemployment rates and worldwide shutdowns through social and racial justice demonstrations, and a presidential election and its aftermath. Since that time, heartrending issues of gun violence, high inflation and challenges to women's and voting rights have all carried the uncertainty of the times forward.

Yet through the large and small social upheavals, UNCF's donors, friends and supporters remained loyal. They acted without fail on their concern for UNCF students and how this world with its new normal will affect students' pursuit of their college degrees. With their eyes on the future, donors' generous gifts came in steadily and allowed UNCF to do more for our students and colleges than the year before.

Gifts that come in through UNCF's direct response program support student scholarships and distributions to our schools to help them keep their costs affordable to our student populations. These gifts support tuition, room and board, books, laptops, PPE and fees for our students; and faculty development, infrastructure development and administrative support for UNCF-member HBCUs.

As the organization has learned, a small gift of \$25, given from the heart truly does add up. Together, donors large and small continue to give online and through the mail, enabling UNCF to live up to the power of its motto, "A mind is a terrible thing to waste."<sup>®</sup>

## INNOVATE

# “Imparting Wisdom”—and Extending Lessons from HBCUs to K-12 Schools in Indianapolis



ADVOCACY SEKOU BIDDLE PARTICIPATES IN THE ONLINE FORUM TO SHARE LEARNINGS FROM THE WORK RELATED TO UNCF'S RESEARCH AND LEARNINGS.

**F**ollowing its recent report, *Imparting Wisdom*, UNCF's K-12 Advocacy team has been working to take lessons learned from the HBCU community about how to improve education for Black students and share them with K-12 schools across the United States.

In addition to engagement work with stakeholders in Washington, DC, the team continues to deepen its relationship with the education community through several community conversation events aimed at building HBCU-K12 partnerships and promoting educational equity.

UNCF co-hosted a community conversation in Indianapolis with the Mind Trust entitled, “Imparting Wisdom in the Circle City” in March 2021 that served as the discussion point for UNCF's report, “Imparting Wisdom: HBCU Lessons for K-12 Education.” The conversation also served as a

platform for engagement and exploration of the role of African American students, leaders and voices—specifically HBCUs—in K-12 education improvement efforts. The panel included African American district leaders and advocates in the K-12 sector.

Additionally, UNCF in partnership with Stand for Children and The Mind Trust, hosted another community conversation in June 2021 that focused on current research and recommendations related to school safety and school resource officers. The panel represented Indianapolis students, families and community leaders who shared their experiences working on the issue.

In July 2021, UNCF coordinated and participated in a panel for the Indiana Black Expo-Indiana University Education Conference. The panel focused on the *Imparting Wisdom* report, discussing key lessons from HBCUs for the K-12 sector. Terrance Dixon, vice president of enrollment management and student success, Shaw University, provided key insights that drove the discussion with tangible examples, while Sekou Biddle, UNCF's Vice President, Advocacy and Student Professional Development Programs; and Dr. Meredith Anderson, UNCF Director of K-12 Research, presented key learnings from the report. Nearly 350 people attended the virtual event.

As a follow-up, during March 2022, the K-12 Advocacy team released, "Black Students and Indianapolis Schools: A Data Snapshot," a brief that focuses on the educational landscape for Black students in Marion County in Indianapolis. The publication covered issues such as college readiness, opportunity gaps teacher diversity and student achievement outcomes.

Through its K-12 Advocacy team, UNCF's commitment to helping K-12 students become college-ready is a true innovation that ensures better futures for us all.



INNOVATE

# UNCF Lighting Pathways: Inspiring HBCU Students to Achieve Better Futures in Asset Management



**D**uring FY 2022, UNCF hosted a summit to increase the number of African Americans in asset management.

According to The American College and the Certified Financial Planners (CFP) Board, African Americans only make up 5% of financial advisors and 2% of certified planners, even though African Americans represent 13.4% of the U.S. population.

To address the disparity and lack of Black talent in asset management, UNCF launched the UNCF Lighted Pathways initiative providing scholarships and internships to African American undergraduate students interested in the investment management industry. In partnership with the



CFA Society of Boston and nearly 30 investment management firms in Massachusetts, UNCF Lighted Pathways aims to create a career pathway to attract, develop and retain Black talent for the asset management industry.

Keon Holmes, CFA, managing director, Cambridge Associates, and co-chair for UNCF New England's Leadership Council said, "African Americans make up less than 2% of all asset management roles in our country. We need to do better. We will never eliminate the wealth gap for African Americans unless we have more professionals in the industry that can positively impact their communities."

The Lighted Pathways Program began with a summer series of informational classes for students to learn more about the industry and the importance of asset management in everyday life. More than 500 students enrolled in the program with an incentive of receiving one of 37 \$5,000 scholarships to be awarded or one of 30 paid internships with the additional coverage for travel and housing in Boston for the summer of 2022.

Highlighting the Lighted Pathways initiative in FY 2022, UNCF hosted a virtual summit for college students of color interested in asset management that featured a keynote fireside chat session moderated by Dr. Mary Schmidt Campbell, then-president, Spelman College, with panelists Thasunda Brown Duckett, president and chief executive officer, TIAA, and Ryan Williams, co-founder and chief executive officer, Cadre.

Sponsors for UNCF's Lighted Pathways Program include presenting sponsors, Adage Capital Management, LP, Baupost, Fidelity and Wellington Management; champion sponsors, Abry Partners, Morgan Stanley/Eaton Vance and State Street; corporate partners, Breckinridge Capital Advisors, Cambridge Associates, Citizens Bank, Forester Capital, GMO, Income Research + Management, JLL, JP Morgan Chase, Payden & Rygel, RBC Global Asset Management and Sentinel Dome Partners; and corporate supporters, Acadian Asset Management, Boston Trust Walden, Cambridge Trust, CIBC Wealth Management, Eastern Bank, Geode Capital, Loomis, Sayles & Company, MFS Investment Management, MIT Investment Management, Prime Buchholz, LLC, and Westfield Capital Management, LP.

Through the Lighted Pathways Program, UNCF inspires, educates and empowers young people by supporting personal and professional development, driving company performance and providing the asset management industry the talent they need to meet today's challenges and tomorrow's opportunities.

INNOVATE

# The UNCF National Faith and Education Initiative: Fanning the Flame that Started it All



**H**arkening back to the African American church and the community's historical roots in the creation of historically Black colleges and universities, UNCF revamped and reignited its focus during FY 2022 for its months-long local faith fundraising campaign—UNCF Sunday—bringing awareness to what really started it all for the organization: the church.

Throughout the year, UNCF works with churches and faith groups across the country to implement UNCF Sundays, a day of financial support to HBCUs from congregations, culminating on a specific Sunday in February. In 2022, UNCF Sunday was Feb. 27. This is part of the overall UNCF National Faith and Education Initiative.



“What many don’t realize is that nearly all of today’s historically Black colleges and universities—our wonderful HBCUs—whether they’re part of UNCF or are now state-funded HBCUs, were started as missions of the church,” said Dr. Michael L. Lomax, president and CEO, UNCF. “They began as teaching schools to help freed Black men and women and escaped slaves to learn how to read and write and give them the basic skills to get ahead in life. That is why, even today, our HBCUs are precious, vital resources that continue to deliver on their mission, supporting those that need education and help them succeed and even the playing field.”



**Rev. Dr. Howard-John Wesley**

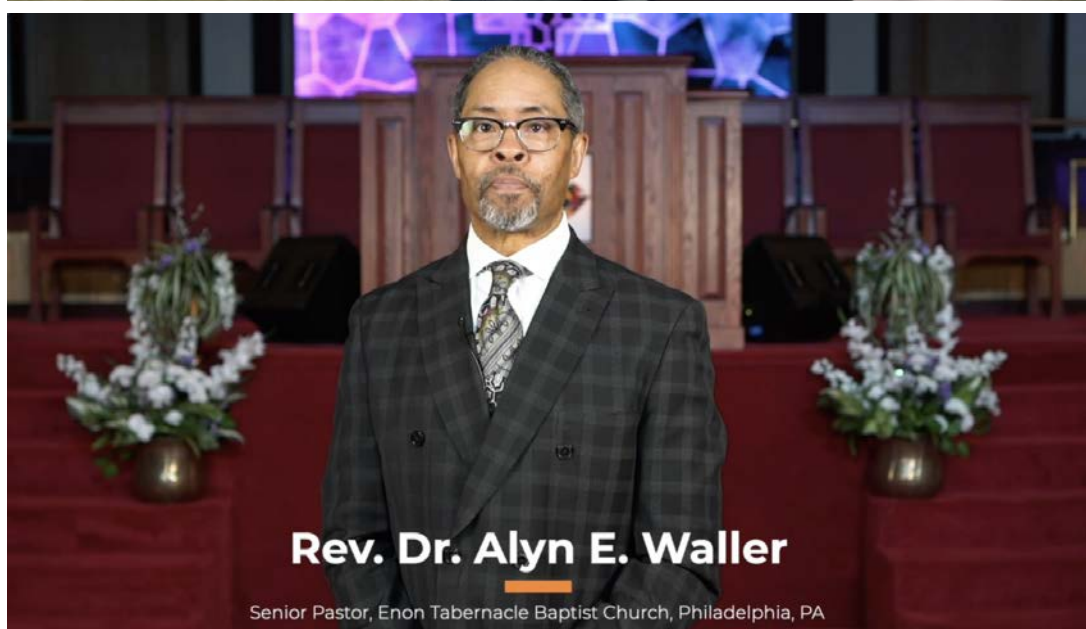
Senior Pastor, Alfred Street Baptist Church, Alexandria, VA



**Rev. Joel Osteen**

Senior Pastor, Lakewood Church, Houston, TX











As part of building out the re-envisioned faith fundraising campaign, UNCF sought support from prominent ministers, clergy and other religious leaders to help inspire churches from many denominations and beliefs to coalesce around a common cause—ensuring UNCF has the resources to support HBCUs and the students that attend them. This group of new faith leaders is the UNCF National Faith and Education Initiative Advisory Council. The council provides leadership to support UNCF Sunday and other activities to involve churches in UNCF activities. The current council members are:

- **Yolanda Adams**, award-winning Gospel artist and education advocate
- **Rev. Dr. Carlton P. Byrd**, president, Southwest Regional Conference of Seventh-day Adventists
- **Bishop Roy E. Campbell, Jr.**, auxiliary bishop, Archdiocese of Washington, Catholic Church
- **Bishop Michael Curry**, presiding Bishop and primate, The Episcopal Church
- **Rev. John C. Dorhauer**, general minister and president, United Church of Christ
- **Rev. Dr. Cynthia Hale**, senior pastor, Ray of Hope Church, Decatur, GA
- **Bishop L. Jonathan Holston**, resident bishop, United Methodist Church, South Carolina Conference
- **Dr. J. Herbert Nelson, II**, stated clerk of the general assembly, Presbyterian Church (USA)
- **Rev. Joel Osteen**, senior pastor, Lakewood Church, Houston, TX
- **Rev. David Peoples**, president, Progressive National Baptist Convention, Inc.
- **Bishop Adam J. Richardson, Jr.**, senior bishop, African Methodist Episcopal Church
- **Bishop J. Drew Sheard**, presiding bishop, Church of God in Christ
- **Bishop Darryl B. Starnes, Sr.**, senior bishop, Piedmont District, African Methodist Episcopal Zion Church
- **Bishop Joseph W. Walker, III**, presiding bishop, Full Gospel Baptist Church Fellowship International

- **Dr. Alyn E. Waller**, senior pastor, Enon Tabernacle Baptist Church, Philadelphia, PA
- **Rev. Dr. LaKeesha Walrond**, president, New York Theological Seminary
- **Dr. Howard-John Wesley**, senior pastor, Alfred Street Baptist Church, Alexandria, VA
- **Dr. Jerry Young**, president, National Baptist Convention USA, Inc.

“There may not have been a greater success story than the story of our HBCUs in this country providing education for those who might not have had an opportunity for it, providing education for those receiving it for the first generation, making it possible to find a way out of no way. Stand up to emancipate the mind and to participate in making this a better world for all. That is the work of our historically Black colleges and universities,” said Bishop Michael Curry, presiding bishop and primate, The Episcopal Church.

By engaging the faithful, the UNCF National Faith and Education Initiative helps ensure HBCUs remain viable and that talented, deserving students have the funds to get to and through college. Visit [UNCF.org/FaithCampaign](https://www.uncf.org/FaithCampaign) for more information.



INSPIRE

# Understanding Why HBCUs: A Fireside Chat with NBA All-Star and HBCU Supporter Chris Paul



**C**hris Paul, nicknamed “CP3” and “The Point God,” is widely regarded as one of the greatest basketball point guards of all time. A 12-time NBA All-Star and two-time Olympic gold medalist, the Phoenix Suns guard, was named to the NBA’s 75th Anniversary team as one of the 75 greatest players in NBA history. He is the first player in league history to record 20,000 points and 10,000 assists in their career. He ranks third place on the NBA all-time career assists list.

Now, that’s Chris Paul on the court.

Off the court, Paul has been a committed supporter of historically Black colleges and universities (HBCUs) and has diligently worked to create opportunities for the student athletes at these institutions.

Paul sat with UNCF President and CEO Dr. Michael L. Lomax for a “fireside chat” to discuss the role of professional athletes in supporting the growth and development of HBCUs and the students they serve.

“UNCF is thrilled to host this fireside chat with Chris Paul, who uplifts HBCUs through classes, scholarships and activism to highlight the historical and cultural importance of the institutions, current students and their alumni,” said Lodriguez V. Murray, senior vice president at UNCF, who arranged the event. “This is the beginning of a long-term partnership between UNCF and Chris Paul.”



When asked why he supports HBCUs, Paul said, “I’m always trying to support organizations that share common interests, common goals and they want to give back. I am grateful for UNCF for giving me the opportunity to use my voice to support HBCUs.”

**UNCF SPOTLIGHT**

**Conversation with NBA All-Star Chris Paul**

Hosted by: **Dr. Michael Lomax / UNCF President and CEO**

HBCU students and alumni, both in-person and via Facebook Live and YouTube stream, will be offered the opportunity to participate in a conversation and Q&A session with NBA All-Star Chris Paul.

**February 2, 2022, at 5pm ET** **@UNCF**

Clark Atlanta University Campus

**Chris Paul**

**Dr. Michael Lomax**



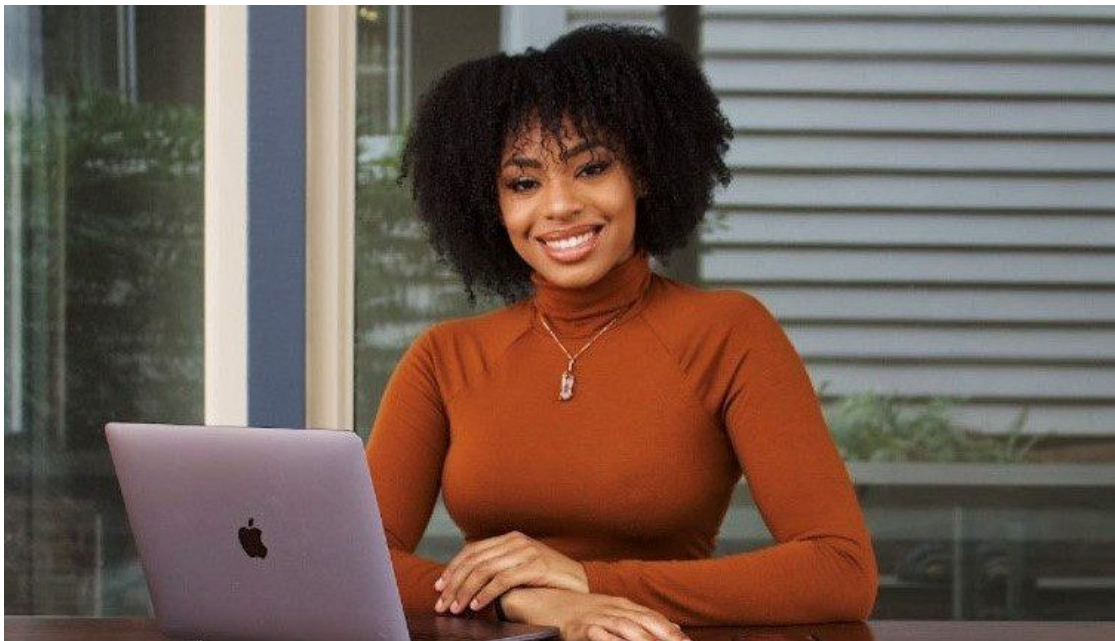
Paul, an active philanthropist and entrepreneur, explained he has actively supported HBCUs for years. He was appointed to President Joe Biden's advisory board on HBCUs. Paul executive produced both "Why Not Us: North Carolina Central Basketball" and "Why Not Us: FAMU Football" for ESPN+. Paul also partnered with the Harvard Business School to bring its entertainment, media and sports program to select HBCUs to develop a pipeline for students pursuing careers in those industries. He launched HBCU voting initiatives to encourage students to vote during past elections and partnered with Sour Patch Kids and the Thurgood Marshall College Fund to create The Mischief for Change Scholarship, a college scholarship fund with a \$1 million commitment over the next five years for students attending HBCUs. And, to top it off, Paul is currently working towards a degree at Winston-Salem State University, where both of his parents attended, and his brother played basketball at Hampton University.

"Our new generation of donors to UNCF are led by people who are in the public spotlight, like athletes who believe that they have a responsibility and an opportunity to help. And that's why we love this man. He's doing such great things to tell our story and to get more support for us. And that's why we need people like Chris Paul," said Lomax.

Legends like Chris Paul understand how UNCF and HBCUs make difference for their students and the community. His investment in HBCUs will certainly help ensure better futures for all of us.

## INSPIRE

# Look out America! Here comes Aspiring Journalist Caylin Carter



**W**hen Caylin Carter was in high school, she had a passion for journalism.

“The excitement I received from producing a body of work was like no other, and that’s how I knew the world of media was for me,” said Carter, who was raised in Columbus, GA, and attended Hardaway High School.

Carter took her passion to UNCF-member Clark Atlanta University, where she is an aspiring journalist and senior mass media arts major with a minor in history.

Carter had another experience in her youth that had a major impact on her life.

“Growing up I helped take care of my older disabled sister. Sometimes taking care of her along with my other responsibilities was overwhelming. I helped as much as possible by taking my sister to her doctor’s

appointments, making sure she took her medicine and helping her navigate around our home when she did not have a nurse's aide," recalled Carter.

"It was clear that when it was time for college, my single mother would not have the means to assist. With the assistance of scholarships from UNCF, a financial burden was taken off me and my family. In addition to helping take care of my sister I've also worked since I was 16 years old. During COVID, I worked at Lowe's and interned for CNN commentator Angela Rye all while taking 18 credits online at Clark. Sometimes I would take Lyfts to work because unfortunately I couldn't afford a car."

As a first-generation college student, it was important to Carter to attend an institution that would take her education as seriously as she did.

"That is why regardless of my financial situation, I chose to attend Clark Atlanta University. I went into Clark on an academic scholarship which has helped pay for my education, but beyond that, I honestly did not know how I was going to afford all four years. I knew that money was out there and that the resources were available, so every time I saw a new posting for a scholarship on the UNCF website, I was sure to apply," said Carter.

"After applying to several scholarships, I was fortunate enough to receive scholarships from FedEx, Footlocker, Panda Express, Jack and Jill and the Eugene Craig Foundation—all which allowed me to attend Clark Atlanta completely debt free. I have been receiving scholarships from UNCF since I was a freshman. Each year I received \$40,000 which equates to \$160,000 over four years."

With a financial burden being removed, Carter was able to focus on her classes and prepare for her broadcast journalism career. Her junior year she earned a place on the Dean's List with a 3.6 GPA. She is a "*Business Chronicle* 20 Under 20" award recipient. She had the opportunity to be a part of Clark Atlanta's NAACP chapter, serve as Miss Empowerment on Clark Atlanta's UNCF Royal Court, president of the National Association of Black Journalists chapter on her campus and many more organizations. She plans to pursue a career in broadcast journalism with hopes of being an investigative reporter. As a result of her passion, she landed an internship at *The Atlanta Voice*.

"I plan to use my degree and the opportunities presented by the UNCF to change the slanted media currently on display and make an impact in journalism to more positively cover my community and change the narrative about African Americans," said Carter.

“On behalf of myself and all the students that have applied and received scholarships from the UNCF, thank you for creating this amazing organization. I will forever be indebted to you,” said Carter. “I want you to know that because of the support I received from UNCF, I am completely debt free. If it wasn’t for UNCF, I would have had lots of loans. I am grateful that God saw the need for an organization like UNCF that helps students like me.”



## INSPIRE

# John and Sally Davenport: Legacy UNCF Donors Investing in HBCUs to Achieve a Better Future for America



**F**or John and Sally Davenport, supporting UNCF and historically Black colleges and universities (HBCUs) is not merely the right thing to do. It's the critically important thing to do to erase racial inequities and help educate more people to build a better future for our nation.

The Massachusetts-based couple has been supporting UNCF since the 1980s. They both recall the iconic UNCF television commercials from the 1970s and 1980s and Lou Rawls championing the cause of UNCF and its world-renowned motto, "A mind is a terrible thing to waste."<sup>®</sup>

UNCF's messaging made an impression on both of them. Sally spent time in advertising and said her father, also an advertiser, often spoke of the importance of messaging and told her the reason advertising companies

didn't go out of business during the Great Depression was enough because businesses understood the need for advertising. "The advertising business did not do too badly in the Depression because businesses knew that if they stopped advertising, they were dead," Sally recalled.

John said Lou Rawls was the man on TV who first introduced him to UNCF. "I probably wouldn't have heard of UNCF if it were not for him. He was the man."

Both John and Sally said their experiences growing up helped them to appreciate the value of Black higher education. Sally attended the all-women Smith College, learning firsthand how women could perform just as well as men in leadership positions. She said that she probably wouldn't have had those experiences if she had attended a co-ed college.

"So, from there, I gleaned the notion that a college for just women was very helpful in those days, the kind of pre feminist days because, as I'm always saying to John, 'You know, in a co-ed school, who is going to run the student government?' The answer is the guys! They are going to have the experience of going to law school and getting into graduate school," she said.

"At a woman's school, we ran the student government. So, I know there's a parallel with African American students. I realized that if there's a parallel, attending an African American school can be probably more helpful to African American students for their self-esteem, self-confidence and learning things that they might not have learned as a minority member of a White school."

When Sally graduated from Smith College, she went to work for the Anti-Defamation League in 1965. "I remember thinking in 1965, 'Why are we worried about prejudice? That should be over for African American people.' Well, I was proven wrong about that. And I think we've now all been awakened even beyond what I knew in those days about the problems of racism and inequality facing African Americans."

John recalled his student days at Amherst College. "Literally, there were three African American students in my class and no more than four or five in the entire student body. Today, Amherst has made great strides to diversify its student population. I am proud to say that most of the student body is now minority. The campus is diverse and with a different atmosphere, different everything," noted John.



After graduating from Amherst, John spent a year in the U.S Army. He would go on to practice law in Manhattan and later Boston before retiring in 1999. Today, in addition to supporting UNCF, he is a volunteer with an environmental advocacy group called the Conservation Law Foundation in all six New England states.

The Davenports believe that today there is an even greater need to support UNCF and its mission, which is also supported by their adult children.

“Given current attacks on our democracy and everything else that is going on in our society, we are hopeful that organizations like UNCF can make a difference and change perceptions about racial and economic equality,” said Sally. “Our kids are entirely on board. Education is certainly a big part of changing those perceptions.”

The Davenports only wish more of their friends would become donors. “It’s bad for society in general to have a segment of minds going to waste,” said Sally. “I can think of a couple of good friends to whom I would like to say, ‘You know, you’re not giving enough money away.’”

“UNCF can make the case far better than we can,” they both said. “We’re going to continue supporting your mission because it’s the right thing to do and our country desperately needs more educated men and women, both Black and White, to help our country overcome racial and economic disparities and build a better life experience for future generations.”

The Davenports are a true inspiration. Their selfless act of giving to UNCF to ensure that talented, deserving students of all backgrounds can get to and through college helps lead the way to better futures for us all.

## INSPIRE

# UNCF National Virtual Walk for Education® Raises \$2.3M+ for HBCUs



**F**or the second consecutive year due to the COVID-19 pandemic, UNCF celebrated the National Virtual Walk for Education® fundraiser online on Sept. 18, 2021. The event exceeded its \$2 million goal by raising more than \$2.3 million for UNCF’s historically Black colleges and universities (HBCUs) and their students. The virtual event was held in over 32 cities. Over the past two years, \$5.3 million has been raised and supported by individuals, corporations and other donor groups through this virtual fundraiser.

The event featured “*Black-ish*” actress and activist Jenifer Lewis; philanthropist, TV host and physician Dr. Ian Smith; Grammy®-nominated artist, DJ and entrepreneur MC Lyte, and others.

“The outpouring of support for this year’s UNCF National Virtual Walk for Education was phenomenal and reflects the growing support of HBCUs and their students. Though virtual, it was one of our best, thanks in large

measure to the enormous support we received from our partners and friends from across the nation,” said Dr. Michael L. Lomax, president and CEO, UNCF.

**DONATE NOW**



**JENIFER LEWIS**  
Acclaimed Actress, Singer & Activist

**TEXT UNCF2021 to 41444 TO GIVE**

**@UNCF #LaceUp4UNCF #UNCF**



**DONATE NOW**



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**DONATE NOW**



**TEXT UNCF2021 to 41444 TO GIVE**

**@UNCF #LaceUp4UNCF #UNCF**



The impressive event's success was largely due to the overwhelming support from individual participants and national sponsors including The Coca-Cola Company, Global Payments, Spotify, Wellington Management,

Arch, Bayer, Colgate-Palmolive Company and Lowe's.

The National Virtual Walk for Education proved for a second year in a row that an investment in HBCUs is an investment in better futures.

INSPIRE

# Volunteers Leading the way to Champion UNCF and HBCU Missions



**V**olunteering is a way of giving back to your community. It's a selfless act and a sacrifice. When you start doing it, however, you usually discover the benefits outweigh the time and resources you're giving up to help others.

It's that spirit of volunteerism that has helped fuel the success of UNCF since its founding in 1944. UNCF deeply appreciates the thousands of volunteers who support its mission to build a robust and nationally recognized pipeline of underrepresented students who, because of UNCF support, become highly qualified college graduates.

Inspirational volunteers like the ones featured here truly make a difference. Thank you for your continued support of historically Black colleges and universities (HBCUs) and their students. You make better futures for our nation possible. Benny and Nikki Agosto believe in giving back and supporting education and they encourage others to do so. "Nikki and I are honored to be part of UNCF. We believe in giving back and in education. We are definitely blessed," said Benny Agosto, Jr., after presenting a



\$100,000 donation to support UNCF. “This gift gives us the opportunity to support the students, as well as the efforts of UNCF. We encourage others to do the same.”

Agosto joined the UNCF Houston Leadership Council in 2014 and was chair of its gala in Fiscal Year 2022. He is a partner in Abraham, Watkins, Nichols, Agosto, Aziz & Stogner law firm in Houston. He also served as president of the Houston Bar Association, 2019-2020; and is the founder and president of the Mexican American Bar Association of Texas Foundation.

UNCF Upstate (SC) Leadership Council Chair Carlos Phillips, president and CEO, Greenville Chamber, is an avid volunteer and financial supporter of UNCF-member institutions and other HBCUs. For the past five years, he has been a committed advocate for advancing the work of UNCF and its member schools. He has doubled the amount of money raised in the Upstate area and has helped to increase awareness about UNCF, its member schools and their students. Through his relationships with the business community, he has challenged businesses to engage with our HBCUs and their students to increase their talent pool and to help achieve their diversity, equity and inclusion goals.

Terry Williams had served on the UNCF Houston Leadership Council for nearly 20 years before recently retiring. As a vice president at H-E-B in Houston, TX, Williams has been instrumental in securing the company’s support for all major UNCF events, including the National Gala, Walk for Education and numerous luncheons, and helped create a scholarship program. As past chair of the Houston Leadership Council, Williams was an advocate for his hometown area of Beaumont/Port Arthur and insisted that “we cast a wider net” to bring in friends and donors from secondary markets. Under his leadership, the Beaumont/Port Arthur community hosted several “UNCF An Evening of Stars”® events where people came together to make personal gifts to UNCF. Through his many years of volunteerism, Williams has helped raise more than \$900,000 for the local Houston UNCF office.

Newspaper publisher Francis Page, Jr., has been on the UNCF Houston Leadership Council for 20 years. He stepped into his father’s seat and retired in December 2022 from the council. Paige is a staple in the community when it comes to sharing the news and happenings. As the publisher of the local newspaper, Paige is always helping to spread the word about what UNCF is doing and how we impact students and HBCUs. He helped get the Houston Astros support during FY 2022. By leveraging



his connections and ties to the city, Paige has opened doors to business owners and managers and elected officials who have been instrumental in advancing UNCF's mission.

Bryce Kennard, manager of government affairs at Comcast and a former UNCF Houston Leadership Council Chair, has been very influential in helping to bring in donations from supporters and friends since joining the council in 2014. He is a Morehouse College graduate. Through his company, Kennard has approved sponsorships of the UNCF National Virtual Walk for Education, the Houston "A Mind Is...®" Gala and UNCF events for the past few years. As a young professional and a product of UNCF, Kennard is committed to serving UNCF by being an influencer and connector. Whenever called on, Kennard offers solutions, ideas and feedback to help reach raise unrestricted funds. Through the years, he has also helped secure both \$100,000 in cash and in-kind support in the form of PSAs from Comcast.

UNCF New Orleans volunteer Donell Williams, contractor safety management lead for Shell's Gulf of Mexico Operations and an MBA graduate, has worked for Shell for 20 years in various roles both locally and internationally. He has served as the Shell team captain for the New Orleans UNCF Walk for Education for more than six years. His team has raised more than \$140,000 over those years and maintains team rosters of at least 100 members each year. He has supported UNCF by bringing the organization's story to life and delivering a clear vision of why the organization matters. Williams is a strong advocate for higher education with a personal interest in donating time to buoy organizations like UNCF.

## INVEST

# Donating While You Shop: Burlington Raised More than \$2M from its Customers for UNCF



**B**urlington Stores, the national retailer that delivers amazing value to customers every time they shop, joined UNCF in partnership in FY 2022 to raise more than \$2 million for students of color to further their educations.

Funds raised provided scholarships for students in financial need to attend colleges nationwide and support UNCF's 37 member historically Black colleges and universities (HBCUs). The donation was made possible by the generous contributions from customers at more than 760 Burlington store locations nationwide, and underscored Burlington's continued commitment to inclusion, diversity and equality.

Each year, UNCF has helped increase the number of students of color attending college by distributing approximately \$83 million in scholarships to students each year. According to UNCF statistics, 68% of all UNCF HBCU undergraduate students came from families whose income was low

enough that they received Pell Grants, the federal government's principal low-income student aid program, compared to 38% of their non-HBCU peers. The funds raised by Burlington customers helped students take the next step in their educational journey and attend college—opening doors to a brighter future.

“At Burlington, we’re proud to have partnered with UNCF to create future diverse leaders and appreciate the generosity of our customers and associates in helping to make promising students’ dreams of going to college a reality,” said Michael O’Sullivan, CEO of Burlington Stores. “We value and leverage the knowledge, skills and attributes of our diverse workforce, which allows us to be responsive to the needs of our diverse customers and communities that we serve.”

Through investments and partnerships like this one, UNCF can fuel students’ growth and development to help them—and all of us—achieve better futures.

## INVEST

# Through “Black History, Black Brilliance,” Macy’s Raises nearly \$1.4M for Scholarships



MACY'S CITY CENTER PARTNERED WITH UNCF TO PROVIDE COLLEGE STUDENTS WITH AN IN-STORE SHOPPING EXPERIENCE DURING AN EVENT ON WEDNESDAY, FEB. 23, 2022, IN PHILADELPHIA. PHOTO BY: JASON MICZEK/AP IMAGES FOR MACY'S, INC.

**B**lack History Month in FY 2022 was a special time of the year for UNCF. Through a unique campaign—“Black History, Black Brilliance”—Macy’s galvanized its communities through instore and online charitable efforts, putting UNCF a major focus for its customers across the United States. As one of the nation’s premier retailers, Macy’s employed its vast reach to launch a national campaign in its stores and online at [macys.com](https://www.macys.com) to support UNCF and raise funds for scholarships for students attending historically Black colleges and universities (HBCUs).

Throughout the month of February, Macy's customers directly impacted and empowered the next generation of Black leaders in local communities nationwide through the charitable round-up campaign. Customers donated online or rounded-up their in-store purchase amount and contributed the extra change, up to 99 cents, to UNCF.

The campaign resulted in nearly \$1.4 million to support the mission of UNCF. More than 1 million of the dollars raised funded establishing the Macy's Brighter Futures Scholarship which will provide 181 scholarships of up to \$5,000 to students attending HBCUs.



MACY'S CITY CENTER PARTNERED WITH UNCF TO PROVIDE COLLEGE STUDENTS WITH AN IN-STORE SHOPPING EXPERIENCE DURING AN EVENT ON WEDNESDAY, FEB. 23, 2022, IN PHILADELPHIA. PHOTO BY: JASON MICZEK/AP IMAGES FOR MACY'S, INC.



MACY'S CITY CENTER PARTNERED WITH UNCF TO PROVIDE COLLEGE STUDENTS WITH AN IN-STORE SHOPPING EXPERIENCE DURING AN EVENT ON WEDNESDAY, FEB. 23, 2022, IN PHILADELPHIA. PHOTO BY: JASON MICZEK/AP IMAGES FOR MACY'S, INC.





MACY'S CITY CENTER PARTNERED WITH UNCF TO PROVIDE COLLEGE STUDENTS WITH AN IN-STORE SHOPPING EXPERIENCE DURING AN EVENT ON WEDNESDAY, FEB. 23, 2022, IN PHILADELPHIA. PHOTO BY: JASON MICZEK/AP IMAGES FOR MACY'S, INC.

**UNCF Executive Vice President and Chief Development Officer Maurice E. Jenkins, Jr. expressed gratitude to Macy's and their customers for helping more students realize their dreams to attend college sharing that "this campaign demonstrated how small gifts matter because all students matter. When you invest in HBCUs and their students you invest in the future of America. HBCUs are proven engines of social and economic mobility for thousands of low-income and first-generation college students."**

**Through Macy's generous efforts, students in need will receive the support to get to and through college. That's the kind of impact that ensures better futures for our nation.**

INVEST

# UNCF and Edward Waters University host Inaugural Jacksonville Mayor's Masked Ball



**M**aking a significant impact during FY 2022—especially for a first-time fundraising event—UNCF hosted the inaugural Jacksonville Mayor's Masked Ball. Championed by Edward Waters University President Dr. A. Zachary Faison, Jr., and Jacksonville Mayor Lenny Curry, this event highlighted the importance of a vibrant historically black college or university (HBCU) to the city of Jacksonville and raised more than \$400,000.

A relentless champion of HBCUs throughout her tenure, Dr. Johnnetta B. Cole was honored with the Champion of Education Award at the event, and Edward Waters University students Brianna Pendergrass and Davon Davis delivered passionate remarks about their school's impact on their ability to succeed.

Davon noted, "We have all heard the saying, 'Life is 10% of what happens to you and 90% of how you react to it.' My 90% involves graduating valedictorian of my high school class and making the decision to attend Edward Waters University on a full scholarship as a first-generation college student. During my tenure, so far, at Edward Waters University, I serve as Freshman Class President, I am a presidential scholar and an honors college scholar. And this is just the beginning for me."

The event was a smashing success. Highlighting the outstanding synergy between the city, the school and UNCF, Curry noted, "It was an honor to work with UNCF and Edward Waters University to bring the Mayor's Masked Ball to Jacksonville. I look forward to continuing to grow this event to benefit students throughout our community."



Sponsors of the inaugural Mayor's Masked Ball included Sissine's Office Systems, the Leb Family Foundation, CSX, Florida Blue, Ellucian, Follett, FIS, JTA and The SAC Collective. The event's media partners were ActionNews JAX and iHeart Radio.

Everyone who supported the event know that their talents and treasure were given in earnest support of the ensuring better futures for all of us. And, that's an impact you cannot underestimate.

## INVEST

# The Church of Jesus Christ of Latter-day Saints Contributes \$3M to Fund Scholarships for Black Students



**F**aith and justice are inextricably linked. A profession of faith calls for compassion and a willingness to speak up against injustice. For more than 78 years, UNCF has engaged in this work to provide high quality educational opportunities for students and has worked with faith leaders, policymakers and the education community to fight for equity in education.

In that spirit, UNCF began partnering with the Church of Jesus Christ of Latter-day Saints (LDS) during FY 2022. The church contributed \$3 million for scholarships to support Black college students for three years.

“Black students will go to college with \$3 million in scholarships funded by The Church of Jesus Christ of Latter-day Saints,” LDS President Russell M. Nelson announced in a joint news conference on June 14, 2021, with UNCF and others.



“Together, we want to make a difference,” Nelson said.

UNCF President and CEO Dr. Michael L. Lomax hailed the news. “I’m particularly excited that I am here today on behalf of the United Negro College Fund to join in partnership with The Church of Jesus Christ of Latter-day Saints ... in these three bold and important initiatives that will do so much to end the sense of marginalization and separation and pronounce our commitment to cooperation, partnership, shared humanity and love.”

In addition to the scholarship funds, the church announced it was donating \$6 million in humanitarian aid over three years to inner cities in the United States, and as well as a fellowship to send up to 50 students to Ghana to learn about Black American and African history.

The partnership between UNCF and the Church became a reality thanks to the commitment and work of the UNCF San Francisco Area Office and Rick Kopf, communications director, The Church of Jesus Christ of Latter-day Saints in Northern California. Kopf has served on the UNCF Leadership Council for the San Francisco Bay Area for more than 20 years.

“I have always admired UNCF and readily accepted the invitation to serve on the local Leadership Council. I firmly believe in UNCF’s mission to provide support for minorities seeking a college education. That is the key to long-term success in helping our young people to become contributing citizens,” said Kopf.

Kopf recalled how for several years he and UNCF Western Region Vice President Monica Sudduth explored possible ways that UNCF and the church could work cooperatively. “The church emphasizes the importance of education and sponsors several institutions and programs of higher learning,” Kopf noted.

Kopf engaged UNCF leadership, connecting the organization with LDS leaders which resulted in the church’s \$3 million contribution to UNCF.

“The scholarship funding from the church’s contribution is proving to be a worthwhile investment in helping students to fulfill their college dreams,” Sudduth said.

“Receiving this scholarship will allow me to continue chasing my dreams. Your earnest investment in my future goals will not be forgotten. Thank you again for your generous and thoughtful gift,” said Morehouse College student Kevin Washington, Jr.

Benedict College student Gabrielle Lowe said, “This will help to take away some of the financial burden that continuous education has put on myself and my mother. It’s a relief to have these funds coming from this amazing partnership to help me achieve my future career goals. Thank you again for your gracious generosity.”

“This scholarship will help lighten any financial burdens and allow me to be able to focus more on school, continuing to succeed and also continuing to serve my community,” said Utah Valley University student Deborah J. Colimon.

UNCF works tirelessly to ensure better futures for thousands of students like Kevin, Gabrielle and Deborah. And, thanks to donors like the Church of Jesus Christ of Latter-day Saints, Investing in Better Futures® is what UNCF does.





**UNITED NEGRO COLLEGE FUND, INC.**

Financial Statements

March 31, 2022 and 2021

(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.:

### *Opinion*

We have audited the financial statements of the United Negro College Fund, Inc. (the Organization), which comprise the statement of financial position as of March 31, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of March 31, 2022, and the results of its operations and its cash flows for the year then ended in accordance with U.S. generally accepted accounting principles.

### *Basis for Opinion*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Responsibilities of Management for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. generally accepted accounting principles, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for one year after the date that the financial statements are issued.

### *Auditors' Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.



In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

*Report on Summarized Comparative Information*

We have previously audited the Organization's 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated August 24, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended March 31, 2021 is consistent in all material respects, with the audited financial statements from which it has been derived.

*KPMG LLP*

McLean, Virginia  
August 22, 2022

**UNITED NEGRO COLLEGE FUND, INC.**

Statements of Financial Position

March 31, 2022 and 2021

<b>Assets</b>	<b>2022</b>	<b>2021</b>
Cash and cash equivalents (notes 2b and 4)	\$ 144,848,181	82,286,308
Short-term investments (notes 5 and 9)	13,819,284	14,581,727
GMSP short-term investments (notes 5 and 9)	62,751,058	71,648,593
Receivable for unsettled investment trades (note 8)	—	6,750
Pledges receivable, net (note 6)	83,311,168	75,203,628
Accrued investment income	682,774	962,360
Long term investments (notes 7 and 9)	230,832,867	221,234,381
GMSP long term investments (notes 8 and 9)	112,731,288	156,337,893
Property and equipment, net (note 10)	24,860,087	24,629,010
Collections acquired (note 11)	1,414,250	1,414,250
Other assets	4,601,002	5,120,502
Total assets	\$ 679,851,959	653,425,402
<b>Liabilities and Net Assets</b>		
Liabilities:		
Accounts payable and accrued expenses	\$ 9,835,733	5,709,164
Accrued wages, vacation, and other related expenses	4,959,156	3,485,798
Payable for unsettled investment trades (note 8)	13,750	—
Accrued distribution to member institutions	12,414,602	10,088,759
Accrued return of funds to the Gates Foundation (note 12)	26,000,000	34,000,000
Deferred revenue	8,210,781	11,527,948
Line of credit (note 13)	—	—
Bonds payable (note 14)	25,311,526	26,255,274
Total liabilities	86,745,548	91,066,943
Net assets:		
Without donor restrictions:		
Undesignated	27,140,131	19,589,416
Board designated – disaster recovery (note 21)	16,920,571	13,400,000
Board designated – member distribution reserve (note 21)	4,807,367	4,800,000
Total without donor restrictions	48,868,069	37,789,416
With donor restrictions (note 15)	544,238,342	524,569,043
Total net assets	593,106,411	562,358,459
Commitments and contingencies (note 20)	—	—
Total liabilities and net assets	\$ 679,851,959	653,425,402

See accompanying notes to financial statements.

**UNITED NEGRO COLLEGE FUND, INC.**

Statement of Activities

Year ended March 31, 2022

(with summarized financial information for fiscal year 2021)

	<b>2022</b>			<b>2021</b>
	<b>Without donor restrictions</b>	<b>With donor restrictions</b>	<b>Total</b>	<b>Total</b>
Revenue, gains, and other support:				
Support:				
Contributions for grants and scholarships	\$ —	153,083,173	153,083,173	142,681,375
Contributions and gifts (notes 2 and 18)	47,617,776	—	47,617,776	66,489,205
Bequests and legacies	10,433,327	1,236,547	11,669,874	6,597,040
Gifts-in-kind and donated services (note 17)	24,250	957,724	981,974	952,787
Total support	58,075,353	155,277,444	213,352,797	216,720,407
Investment income:				
Interest and dividends	38,544	3,229,863	3,268,407	4,452,660
Amortization of investment premium and discount	(27,307)	(228,485)	(255,792)	38,143
Realized gains/(losses)	782,225	6,180,467	6,962,692	2,516,172
Unrealized gains/(losses)	943,802	(1,628,938)	(685,136)	33,414,447
Total investment income	1,737,264	7,552,907	9,290,171	40,421,422
Net assets released from restrictions (note 15)	143,161,052	(143,161,052)	—	—
Total revenue, gains, and other support	202,973,669	19,669,299	222,642,968	257,141,829
Expenses:				
Program services:				
GMSP	36,976,337	—	36,976,337	77,500,786
Scholarships and special projects	105,974,019	—	105,974,019	53,845,193
Distributions to member institutions	23,180,395	—	23,180,395	19,564,294
Institutional services	1,667,454	—	1,667,454	2,130,021
Other program services	210,696	—	210,696	1,035,421
Total program services	168,008,901	—	168,008,901	154,075,715
Supporting services:				
Management and general	7,058,357	—	7,058,357	7,004,189
Fundraising	16,827,758	—	16,827,758	13,161,687
Total supporting services	23,886,115	—	23,886,115	20,165,876
Total expenses	191,895,016	—	191,895,016	174,241,591
Change in net assets	11,078,653	19,669,299	30,747,952	82,900,238
Net assets, beginning of year	37,789,416	524,569,043	562,358,459	479,458,221
Net assets, end of year	\$ 48,868,069	544,238,342	593,106,411	562,358,459

See accompanying notes to financial statements.



**UNITED NEGRO COLLEGE FUND, INC.**

Statement of Functional Expenses

Year ended March 31, 2022

(with summarized financial information for 2021)

	Program services – assistance to member and nonmember institutions					Total program services
	GMSP	Scholarships and special projects	Distribution to member institutions	Institutional services	Other program services	
Distributions:						
Capital and operational support	\$ —	—	23,180,395	—	—	23,180,395
Grants and scholarships	33,921,845	67,233,311	—	2,000	8,000	101,165,156
Total distributions	33,921,845	67,233,311	23,180,395	2,000	8,000	124,345,551
Expenses before depreciation, amortization, and bad debts:						
Salaries and wages	1,298,953	6,424,154	—	1,056,526	113,974	8,893,607
Employee benefits	306,724	1,705,495	—	213,895	29,164	2,255,278
Advertisements and promotions	1,575	115,306	—	17,955	992	135,828
Professional and consulting fees	181,161	18,307,255	—	346,588	7,644	18,842,648
Information technology support	530,374	1,058,210	—	(539,489)	—	1,049,095
Office supplies and other expenses	133,110	247,806	—	168,165	—	549,081
Telephone	7,618	12,725	—	11,513	909	32,765
Postage and shipping	1,987	6,504	—	1,094	—	9,585
Occupancy	337,965	686,328	—	100,627	24,737	1,149,657
Printing and publications	12,333	139,714	—	28,018	2,150	182,215
Travel	4,632	126,782	—	13,455	7,609	152,478
Meetings	39,618	270,007	—	620	2,216	312,461
Equipment rental and maintenance	1,488	9,743	—	2,372	—	13,603
Interest expense	—	—	—	—	—	—
Indirect cost recovery	196,954	4,630,679	—	—	13,301	4,840,934
Total expenses before depreciation, amortization, and bad debts	36,976,337	100,974,019	23,180,395	1,423,339	210,696	162,764,786
Accrued return of funds to the Gates Foundation	—	—	—	—	—	—
Depreciation and amortization expense	—	—	—	244,115	—	244,115
Bad debt expense	—	5,000,000	—	—	—	5,000,000
Total expenses	\$ 36,976,337	105,974,019	23,180,395	1,667,454	210,696	168,008,901

**UNITED NEGRO COLLEGE FUND, INC.**

Statement of Functional Expenses

Year ended March 31, 2022

(with summarized financial information for 2021)

	<b>Supporting services</b>			<b>Total program service and supporting service expenses</b>	
	<b>Management and general</b>	<b>Fund-raising</b>	<b>Total supporting services</b>	<b>2022</b>	<b>2021</b>
Distributions:					
Capital and operational support	\$ —	—	—	23,180,395	19,564,294
Grants and scholarships	2,250	—	2,250	101,167,405	79,661,261
Total distributions	2,250	—	2,250	124,347,800	99,225,555
Expenses before depreciation, amortization, and bad debts:					
Salaries and wages	6,952,190	6,800,646	13,752,836	22,646,443	19,141,633
Employee benefits	1,861,870	1,484,331	3,346,201	5,601,479	4,702,342
Advertisements and promotions	6,883	132,949	139,832	275,660	198,481
Professional and consulting fees	2,460,865	2,484,154	4,945,019	23,787,667	12,868,412
Information technology support	(1,673,091)	449,750	(1,223,341)	(174,246)	—
Office supplies and other expenses	110,636	556,457	667,093	1,216,174	1,058,848
Telephone	377,838	17,983	395,822	428,587	401,980
Postage and shipping	39,554	1,459,760	1,499,314	1,508,899	1,331,210
Occupancy	(263,037)	663,084	400,047	1,549,704	1,458,976
Printing and publications	67,440	2,609,711	2,677,151	2,859,366	2,619,780
Travel	121,970	84,128	206,098	358,576	27,802
Meetings	12,850	32,410	45,260	357,721	215,394
Equipment rental and maintenance	226,814	52,145	278,960	292,563	161,273
Interest expense	976,537	—	976,537	976,537	1,010,702
Indirect cost recovery	(4,840,935)	—	(4,840,935)	—	—
Total expenses before depreciation, amortization, and bad debts	6,440,634	16,827,508	23,268,144	186,032,930	144,422,388
Accrued return of funds to the Gates Foundation	—	—	—	—	26,000,000
Depreciation and amortization expense	617,723	—	617,723	861,838	1,076,824
Bad debt expense	—	250	250	5,000,250	2,742,379
Total expenses	\$ 7,058,357	16,827,758	23,886,117	191,895,018	174,241,591

See accompanying notes to financial statements.

**UNITED NEGRO COLLEGE FUND, INC.**

Statements of Cash Flows

Years ended March 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:		
Change in net assets	\$ 30,747,952	82,900,238
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Realized losses on investments	(6,962,692)	(2,516,173)
Unrealized losses (gains) on investments	685,136	(33,414,447)
Amortization of investment premium and discount	255,792	(38,143)
Bad debt expense	5,000,250	2,742,379
Depreciation and amortization	861,838	1,076,824
Contributions restricted for investment in endowment funds	(25,970,929)	(7,788,628)
(Increase) decrease in assets:		
Pledges receivable	(8,107,540)	(37,730,599)
Provision for uncollectible	(4,959,250)	(2,742,379)
Accrued investment income	279,586	241,129
Other assets	275,385	(458,289)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	4,126,569	1,284,520
Accrued wages, vacation, and other related personnel expenses	1,473,358	1,086,951
Accrued return of funds to the Gates Foundation	(8,000,000)	21,000,000
Deferred revenue	(3,317,167)	11,096,824
Accrued distributions to member institutions	<u>2,325,842</u>	<u>4,638,505</u>
Net cash (used in) provided by operating activities	<u>(11,285,870)</u>	<u>41,378,712</u>
Cash flows from investing activities:		
Purchases of investments	(251,555,153)	(331,199,573)
Proceeds from sales of investments	301,224,515	341,536,930
Purchase of property and equipment	<u>(848,800)</u>	<u>—</u>
Net cash provided by investing activities	<u>48,820,562</u>	<u>10,337,357</u>
Cash flows from financing activities:		
Repayments of note payable		—
Repayments of bonds payable	(943,748)	(903,748)
Contributions restricted for investment in endowment funds	<u>25,970,929</u>	<u>7,788,628</u>
Net cash provided by financing activities	<u>25,027,181</u>	<u>6,884,880</u>
Increase in cash and cash equivalents	62,561,873	58,600,949
Cash and cash equivalents, beginning of year	<u>82,286,308</u>	<u>23,685,359</u>
Cash and cash equivalents, end of year	\$ <u>144,848,181</u>	\$ <u>82,286,308</u>
Cash paid for interest	\$ 976,537	1,010,702

See accompanying notes to financial statements.

## **UNITED NEGRO COLLEGE FUND, INC.**

### **Notes to Financial Statements**

March 31, 2022 and 2021

#### **(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.

In the March 2022 meeting, the Board of Directors of UNCF approved a six year capital campaign with a goal of \$1 billion. The funds raised will enhance UNCF's endowed scholarships, increase the endowments for member institutions, provide more support for institutional capacity building, and fortify UNCF's operations and programs. The campaign is currently in its silent phase with the intent of going public once approximately 80% of the goal is achieved. During "silent phase" solicitations will be limited to a select number of prospective donors. The campaign raised approximately \$79.7 million and \$85.6 million totaling \$165.3 million towards its \$1 billion goal in fiscal years 2021 and 2022, respectively. The funds raised that have met all of the accounting recognition criteria are reported as revenue on the statement of activities.

#### **(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.

## UNITED NEGRO COLLEGE FUND, INC.

### Notes to Financial Statements

March 31, 2022 and 2021

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.

#### **(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, 2022 and 2021, 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, 2022 and 2021 amounted to \$244,115 and \$328,258, respectively.

## UNITED NEGRO COLLEGE FUND, INC.

### Notes to Financial Statements

March 31, 2022 and 2021

#### **(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.

#### **(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, exceed 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 member distribution and disaster recovery reserves.

#### **(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.



## UNITED NEGRO COLLEGE FUND, INC.

### Notes to Financial Statements

March 31, 2022 and 2021

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 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 on March 31, 2022 and 2021.

#### **(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

## UNITED NEGRO COLLEGE FUND, INC.

### Notes to Financial Statements

March 31, 2022 and 2021

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 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. Deferred revenue amounted to \$8,210,781 and \$11,527,948 as of the year ended March 31, 2022 and 2021.

#### **(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.

## UNITED NEGRO COLLEGE FUND, INC.

### Notes to Financial Statements

March 31, 2022 and 2021

#### **(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 57% of pledges receivable for fiscal years ended March 31, 2022, were from five major donors.

As of March 31, 2022, 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 June 2018, the FASB issued a standard on Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made, which aims to assist entities in (1) evaluating whether transactions should be accounted for as contributions or exchange transactions and (2) determining whether a contribution is conditional. This guidance is effective for fiscal years beginning after June 15, 2018. UNCF has adopted this ASU as of and for the year ended March 31, 2021 on a modified prospective basis. The adoption of this standard did not materially impact the financial statements of UNCF.

In February 2016, FASB issued Accounting Standards Update (ASU) No. 2016-02, Leases (Topic 842), as amended, which, along with related amendments, replaced existing capital and operating lease reporting and disclosure requirements. ASU No. 2016-02 requires, among other changes to the lease accounting guidance, lessees to recognize most leases on the statement of financial position through both a right-of-use asset and a corresponding lease liability, and additional qualitative and quantitative disclosures. ASU No. 2016-2 is effective for the UNCF in fiscal year 2023 and UNCF is in the process of assessing the impact on its financial statements.

## UNITED NEGRO COLLEGE FUND, INC.

### Notes to Financial Statements

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In September 2020, the FASB issued ASU No. 2020-07, Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets, Not-For-Profit Entities (Topic 958). This ASU is expected to increase transparency around contributed nonfinancial assets (also known as “gifts-in-kind”) received by not-for-profit (organizations, including transparency on how those assets are used and how they are valued. It also addresses presentation and disclosure of contributed nonfinancial assets. ASU 2020-07 is effective for the UNCF in fiscal year 2023 and is not expected to have a material impact on its financial statements.

#### **(u) Summarized Financial Information for 2021**

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, 2021, 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. UNCF has analyzed its unrelated business activities for March 31, 2022 and 2021 and determined that no significant amounts of 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 2018 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 Deposit Insurance Corporation Act (FDICA) and the Securities Investor Protection Corporation (SIPC), respectively. Amounts held in excess of the FDICA limits were \$143,401,434 and \$80,967,985 on March 31, 2022 and 2021, respectively. Amounts held in excess of the SIPC limits were \$142,344,835 and \$80,141,002 on March 31, 2022 and 2021, respectively. 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.

**UNITED NEGRO COLLEGE FUND, INC.**

Notes to Financial Statements

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**(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:

		<b>2022</b>	
		<b>UNCF</b>	<b>GMSP</b>
Money market funds	\$	13,138,428	62,751,058
Certificates of deposit, commercial paper, and other short-term investments		<u>680,856</u>	<u>—</u>
Total short-term investments	\$	<u><u>13,819,284</u></u>	<u><u>62,751,058</u></u>

		<b>2021</b>	
		<b>UNCF</b>	<b>GMSP</b>
Money market funds	\$	13,901,125	71,648,593
Certificates of deposit, commercial paper, and other short-term investments		<u>680,602</u>	<u>—</u>
Total short-term investments	\$	<u><u>14,581,727</u></u>	<u><u>71,648,593</u></u>

**(6) Pledges Receivable**

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

		<b>2022</b>	<b>2021</b>
Unconditional pledges receivable before unamortized discount and allowance for uncollectible amounts	\$	91,118,613	78,171,632
Less:			
Unamortized discount		(319,100)	(454,155)
Allowance for uncollectible amounts		<u>(7,488,345)</u>	<u>(2,513,849)</u>
Net unconditional pledges receivable	\$	<u><u>83,311,168</u></u>	<u><u>75,203,628</u></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 0.09% to 2.24%. The discount will be recognized as contributions and gifts revenue in fiscal years 2023 through 2030, as the discount is amortized using an effective yield over the duration of the contributions.

**UNITED NEGRO COLLEGE FUND, INC.**

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The expected future cash receipts for UNCF are as follows:

	<u>2022</u>	<u>2021</u>
Amounts due in:		
Less than one year	\$ 62,633,146	40,267,534
One to five years	<u>28,485,467</u>	<u>37,904,098</u>
Pledges receivable before discount and allowance	<u>\$ 91,118,613</u>	<u>78,171,632</u>

**(7) Long-Term Investments**

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

	<u>2022</u>	<u>2021</u>
Fixed income	\$ 9,735,001	9,991,827
U.S. and global equities	81,610,081	65,602,003
Cash equivalents	7,456,129	15,201,156
Hedge funds	39,324,071	22,646,212
Designated fixed income	38,059,977	63,034,895
Private equities	<u>54,647,608</u>	<u>44,758,288</u>
Total long-term investments	<u>\$ 230,832,867</u>	<u>221,234,381</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, 2022 and 2021 was \$31,947,186 and \$28,919,972, respectively.



**UNITED NEGRO COLLEGE FUND, INC.**

Notes to Financial Statements

March 31, 2022 and 2021

**(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>2022</u>	<u>2021</u>
U.S. government securities	\$ 70,077,128	48,261,998
Commercial mortgage-backed securities	393,276	530,458
Asset-backed securities	80,474	131,973
Corporate debt securities	38,382,235	89,158,118
Cash equivalents	<u>3,798,175</u>	<u>18,255,346</u>
Total investments held for long-term purposes	112,731,288	156,337,893
Receivable (payable) for unsettled investment trades	<u>(13,750)</u>	<u>6,750</u>
Total GMSP investments held for long-term purposes – net of receivable	<u>\$ 112,717,538</u>	<u>156,344,643</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 \$13,750 payable and \$6,750 receivable for unsettled trades at March 31, 2022 and March 31, 2021, 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.

# UNITED NEGRO COLLEGE FUND, INC.

## Notes to Financial Statements

March 31, 2022 and 2021

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:

**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 24% nonmarketable alternative investments (private equity). Further, 46% and 52% of the UNCF long-term portfolio has monthly or better liquidity while approximately 30% and 22% of this portfolio has quarterly liquidity via its marketable alternative investments held at March 31, 2022 and 2021, respectively. UNCF carefully monitors these positions as it conducts periodic reviews of both asset allocation and performance. There were no level 3 investments noted in the current year.

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, 2022 and 2021:

		Level 1	Level 2	NAV	2022 Totals
Investments:					
U.S. and global equities	\$	8,447,941	—	—	8,447,941
Designated fixed income		38,059,976	—	—	38,059,976
Cash equivalents		7,456,128	—	—	7,456,128
Investments valued using NAV as a practical expedient		—	—	176,868,822	176,868,822
Total	\$	53,964,045	—	176,868,822	230,832,867

**UNITED NEGRO COLLEGE FUND, INC.**

Notes to Financial Statements

March 31, 2022 and 2021

	<u>Level 1</u>	<u>Level 2</u>	<u>NAV</u>	<u>2021 Totals</u>
Investments:				
U.S. and global equities	\$ 8,141,923	—	—	8,141,923
Designated fixed income	53,363,554	—	—	53,363,554
Cash equivalents	15,201,155	—	—	15,201,155
Investments valued using NAV as a practical expedient	—	—	144,527,749	144,527,749
Total	<u>\$ 76,706,632</u>	<u>—</u>	<u>144,527,749</u>	<u>221,234,381</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, 2022 and 2021:

	<u>Level 1</u>	<u>Level 2</u>	<u>2022 Totals</u>
Investments:			
U.S. government securities	\$ 70,077,128	—	70,077,128
Commercial mortgagebacked securities	—	393,276	393,276
Asset-backed securities	—	80,474	80,474
Corporate debt securities	38,382,235	—	38,382,235
Cash equivalents	3,798,175	—	3,798,175
Total	<u>\$ 112,257,538</u>	<u>473,750</u>	<u>112,731,288</u>

	<u>Level 1</u>	<u>Level 2</u>	<u>2021 Totals</u>
Investments:			
U.S. government securities	\$ 48,261,998	—	48,261,998
Commercial mortgagebacked securities	—	530,458	530,458
Asset-backed securities	—	131,973	131,973
Corporate debt securities	89,158,118	—	89,158,118
Cash equivalents	18,255,346	—	18,255,346
Total	<u>\$ 155,675,462</u>	<u>662,431</u>	<u>156,337,893</u>

## UNITED NEGRO COLLEGE FUND, INC.

### Notes to Financial Statements

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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 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.

# UNITED NEGRO COLLEGE FUND, INC.

## Notes to Financial Statements

March 31, 2022 and 2021

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 \$(6,758,125) and \$(3,535,313) at March 31, 2022 and 2021, respectively. The fair value for these contracts is 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 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, 2022:

<b>Investment type</b>	<b>Fair value</b>	<b>Redemption frequency</b>	<b>Redemption notice period (days)</b>
U.S. and global equities	\$ 73,162,140	Daily, monthly, quarterly	1–60 days
Hedge funds	39,324,072	Monthly, quarterly, annually	8–95 days
Fixed income	9,735,001	Daily, quarterly, annually	10–90 days
Private equities	54,647,609	N/A	N/A
	<u>\$ 176,868,822</u>		

# UNITED NEGRO COLLEGE FUND, INC.

## Notes to Financial Statements

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The following table summarizes UNCF's investments with a reported NAV as of March 31, 2021:

<b>Investment type</b>	<b>Fair value</b>	<b>Redemption frequency</b>	<b>Redemption notice period (days)</b>
U.S. and global equities	\$ 57,460,080	Monthly, quarterly	1–180 days
Hedge funds	22,646,212	Monthly, quarterly, annually	8–95 days
Fixed income	19,663,169	Daily, annually	10–90 days
Private equities	44,758,288	N/A	N/A
	<u>\$ 144,527,749</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.

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, 2022 and 2021. Outstanding funding commitments for nonmarketable alternative investments, based on the terms of the underlying investment agreements, amounted to \$13,303,926 and \$12,262,031 as of March 31, 2022 and 2021, respectively.



**UNITED NEGRO COLLEGE FUND, INC.**

Notes to Financial Statements

March 31, 2022 and 2021

**(10) Property and Equipment**

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

	<u>2022</u>	<u>2021</u>
Land	\$ 6,350,000	6,350,000
Building and improvements	23,294,701	23,294,701
Furniture and fixtures	950,755	950,755
Computers and equipment	3,441,363	3,441,363
Capital Project	848,800	—
	<hr/>	<hr/>
Total property and equipment	34,885,619	34,036,819
Less accumulated depreciation and amortization	(10,025,532)	(9,407,809)
	<hr/>	<hr/>
	\$ 24,860,087	24,629,010

Depreciation and amortization expense for the years ended March 31, 2022 and 2021, was \$861,838 and \$1,076,824 respectively.

**(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 date of gift. Through March 31, 2021, 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, 2022, 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, 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, 2022 and 2021, the plan accepted by the Foundation anticipates \$78,177,019 and \$113,222,743 in scholarship expenses and \$21,430,827 and \$27,703,922 in administrative expenses respectively.

## **UNITED NEGRO COLLEGE FUND, INC.**

### **Notes to Financial Statements**

**March 31, 2022 and 2021**

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 modified the reporting schedule and due dates, and added a payment schedule for the return of terminal surplus funds. UNCF agreed to return a portion of the anticipated terminal surplus funds of \$39 million 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, and \$6 million in 2024, with any remaining surplus at the terminus of the program in 2029. As of March 31, 2022, the first and the second installment payments totaling \$13 million were paid as scheduled, and the remaining \$26 million was accrued in the statement of financial position for paying the installment payments as they come due.

GMSP funds are invested and held in separate investment accounts by UNCF, and all investment gains, losses, interest, and dividends earned are restricted for 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 as a liability (refundable advances from donor), with revenue being recognized in the year when 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**

UNCF 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. 4 of the LOC expired on the maturity date of October 31, 2021. The LOC was renewed on October 28, 2021, as Amendment No. 5 under the reestablished agreement, with a maturity date of October 31, 2023. There were no borrowings against the line of credit at March 31, 2022, and 2021.

## UNITED NEGRO COLLEGE FUND, INC.

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The line of credit arrangement has 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 1.25x. 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, 2022, and 2021.

#### **(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 have 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 bond debt service payments 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**

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 and outstanding. Investors Bank purchased the Series 2015 Bonds under and upon the terms and conditions outlined in the Bond Purchase and Continuing Covenants Agreement as of August 6, 2015, between Investors Bank and UNCF. Actual interest expenses incurred in 2022 amounted to \$976,537 and are 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, 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.

**UNITED NEGRO COLLEGE FUND, INC.**

Notes to Financial Statements

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At March 31, 2022, the total amounts outstanding on the Series 2015 Bonds were as follows:

Year ending March 31:		
2023	\$	1,005,000
2024		1,035,000
2025		1,080,000
2026		1,120,000
2027		1,160,000
Thereafter		<u>19,911,526</u>
	\$	<u>25,311,526</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, 2022 and 2021.

**(d) Deferred Financing Costs**

UNCF's bond financing costs for the years ended March 31, 2022 and 2021, such as underwriter fees, legal fees, and other direct costs, amounted to \$483,474 and \$509,726, respectively, and are included in the accompanying statements of financial position. These costs are 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, 2022 and 2021.

**(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>2022</u>	<u>2021</u>
Scholarships and special projects	\$ 289,587,187	256,451,960
Perpetual in nature	105,565,468	79,394,539
GMSP	<u>149,085,687</u>	<u>188,722,544</u>
	<u>\$ 544,238,342</u>	<u>524,569,043</u>

**UNITED NEGRO COLLEGE FUND, INC.**

Notes to Financial Statements

March 31, 2022 and 2021

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

	<u>2022</u>	<u>2021</u>
Scholarships and special projects	\$ 106,184,715	54,880,614
GMSP	<u>36,976,337</u>	<u>77,500,786</u>
	\$ <u>143,161,052</u>	<u>132,381,400</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.

Changes in endowment net assets for the year ended March 31, 2022, are as follows:

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>		
	<u>Board designated</u>	<u>Purpose restricted</u>	<u>Perpetual in nature</u>	<u>Total</u>
Net assets, beginning of year	\$ 5,318,917	39,892,650	79,394,539	124,606,106
Investment return:				
Investment income	6,653	27,182	—	33,835
Net realized and unrealized gains	<u>2,040,901</u>	<u>7,962,655</u>	<u>—</u>	<u>10,003,556</u>
Total investment return	2,047,554	7,989,837	—	10,037,391
Contributions	—	—	25,970,929	25,970,929
Transfers	—	—	200,000	200,000
Appropriation of endowment income for expenditure	<u>(592,772)</u>	<u>(4,761,306)</u>	<u>—</u>	<u>(5,354,078)</u>
Net assets, end of year	\$ <u>6,773,699</u>	<u>43,121,181</u>	<u>105,565,468</u>	<u>155,460,348</u>

**UNITED NEGRO COLLEGE FUND, INC.**

Notes to Financial Statements

March 31, 2022 and 2021

Changes in endowment net assets for the year ended March 31, 2021, are as follows:

	<b>Without donor restrictions</b>	<b>With donor restrictions</b>		
	<b>Board designated</b>	<b>Purpose restricted</b>	<b>Perpetual in nature</b>	<b>Total</b>
Net assets, beginning of year	\$ 4,239,047	18,520,061	71,654,149	94,413,257
Investment return:				
Investment income	(3,524)	(45,406)	—	(48,930)
Net realized and unrealized gains	<u>1,312,445</u>	<u>25,674,882</u>	<u>—</u>	<u>26,987,327</u>
Total investment return	1,308,921	25,629,476	—	26,938,397
Contributions	—	—	7,788,628	7,788,628
Transfers	—	—	(48,238)	(48,238)
Appropriation of endowment income for expenditure	<u>(229,051)</u>	<u>(4,256,887)</u>	<u>—</u>	<u>(4,485,938)</u>
Net assets, end of year	\$ <u>5,318,917</u>	<u>39,892,650</u>	<u>79,394,539</u>	<u>124,606,106</u>

**(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, 2022 and 2021, the fair value of these specialized services amounted to \$981,974 and \$952,787, respectively.

**(18) Other Fundraising Activities**

**(a) Special Events**

UNCF raised \$15,591,941 and \$12,315,926 in contributions from special fund-raising events and incurred related direct expenses of \$3,614,017 and \$1,518,862 in fiscal years 2022 and 2021, respectively. These amounts are reported in the accompanying statements of activities as contributions and gifts, net of the related direct expenses.

**(b) Direct Mail**

UNCF raised \$15,851,637 and \$18,659,994 in contributions through its direct mail campaigns and incurred related direct expenses of \$4,467,222 and \$3,735,647 in fiscal years 2022 and 2021, respectively.



## UNITED NEGRO COLLEGE FUND, INC.

### Notes to Financial Statements

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#### (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 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 \$2,181,856 and \$2,128,524 as of March 31, 2022 and 2021, respectively, and these are included within other assets in the accompanying statements of financial position. The liabilities associated with these agreements amounted to \$604,484 and \$635,734 as of March 31, 2022 and 2021, 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 \$1,018,437 and \$631,474 for 2022 and 2021, respectively.

#### (20) Commitments and Contingencies

##### *Operating Leases*

UNCF leases space for its 21 regional field offices throughout the United States. Generally, the leases carry renewal provisions and require UNCF to pay maintenance costs. The lease for various office leases for the regional locations expires 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.

At March 31, 2022, 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:			
2023	\$ 416,291	178,545	237,746
2024	196,827	—	196,827
2025	20,872	—	20,872
Total	<u>\$ 633,990</u>	<u>178,545</u>	<u>455,445</u>

Rent expense under these leases amounted to \$1,118,148 and \$1,357,241 for the years ended March 31, 2022 and 2021, respectively.

# UNITED NEGRO COLLEGE FUND, INC.

## Notes to Financial Statements

March 31, 2022 and 2021

### 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.

### (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, 2022</u>	<u>March 31, 2021</u>
Cash and cash equivalents	\$ 144,848,181	82,286,308
Short-term investments	76,570,342	86,230,321
Long-term investments	343,001,295	377,572,274
Accrued investment income	1,245,634	969,110
Receivables, net	83,311,168	75,203,628
Assets held for supplemental employee benefits, net	1,009,767	1,057,455
Assets held for partner organizations, net	<u>710,957</u>	<u>581,166</u>
Total financial assets, end of year	<u>650,697,344</u>	<u>623,900,262</u>
Less those unavailable for general expenditure within one year, due to:		
Time restricted pledges due in greater than one year	(28,485,467)	(37,904,098)
Perpetual and term endowments and accumulated earnings, net	(148,686,649)	(119,287,189)
Purpose restricted grants, net	(353,017,056)	(353,351,589)
Unfunded capital commitments	(13,303,926)	(12,262,031)
Distribution commitments to UNCF member institutions	(12,414,602)	(10,088,759)
Disaster recovery reserve	(16,920,571)	(13,400,000)
Member distribution reserve	(4,807,367)	(4,800,000)
Return of funds to the Gates Foundation	<u>(26,000,000)</u>	<u>(34,000,000)</u>
Total financial assets unavailable for general expenditures within one year	<u>(603,635,638)</u>	<u>(585,093,666)</u>
Total financial assets available for general expenditures within one year	<u>\$ 47,061,706</u>	<u>38,806,596</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.

## UNITED NEGRO COLLEGE FUND, INC.

### Notes to Financial Statements

March 31, 2022 and 2021

As part of the liquidity management plan, the governing Board designated \$3.5 million of the fiscal year 2022 operating surplus to the disaster recovery reserve, bringing the total disaster recovery and member distribution reserves to \$16.9 million and \$4.8 million, respectively, as of March 31, 2022, and \$13.4 million and \$4.8 million, respectively, as of March 1, 2021. These reserves are established with the objective of setting the funds aside to be drawn upon in the event of financial distress or an immediate liquidity need resulting from circumstances outside of the typical life cycle of converting financial assets to cash or settling financial liabilities. UNCF's target for the operating reserve is a total of \$40 million which was determined based on Management's judgment about the appropriate amount of funds to have set aside in addition to working capital. The disaster recovery and member distribution reserve balances are held in the cash and cash equivalents and long-term investments lines and presented as Board designated net assets without restriction on the statements of financial position.

Additionally, UNCF maintains a \$4 million line of credit, as discussed in more detail in Note (13). As of March 31, 2022, \$4 million remained available on the UNCF's line of credit.

#### **(22) Related Parties**

UNCF receives contributions from donor organizations with representatives on UNCF's Board of Directors and from Board members themselves. UNCF received \$8,435,753 and \$7,412,134 in contributions from such related parties during the years ended March 31, 2022 and 2021, respectively. The contributions receivable from these related parties were \$1,217,715 and \$14,377,496 as of March 31, 2022 and 2021, respectively.

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 lease terminated before its maturity on April 1, 2021.

#### **(23) Subsequent Events**

##### *Risks and Uncertainties*

Due to the level of uncertainty related to changes in interest rates, market volatility, and credit risks, it is at least reasonably possible that changes in these risks could materially affect the fair value of investments reported in the accompanying statements of financial position as of March 31, 2022 and 2021.

Management has reviewed its outstanding contributions and gifts at March 31, 2022 and does not believe that the market conditions will have a material effect on the financial position of UNCF. 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 affect donors' ability to fulfill their pledges on a timely basis.

**UNITED NEGRO COLLEGE FUND, INC.**

Notes to Financial Statements

March 31, 2022 and 2021

*Management's Evaluation*

In accordance with FASB ASC Topic 855, *Subsequent Events*, Management has evaluated any events or transactions occurring after March 31, 2022, the statement of financial position date, through August 22, 2022, 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, 2022.