UNCF
A mind is a terrible thing to waste®

Investing in Better Futures® 2021 Annual Report

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:

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

UNCF-Member Institutions

ALLEN UNIVERSITY Columbia, SC
BENEDICT COLLEGE Columbia, SC
BENNETT COLLEGE Greensboro, NC
BETHUNE-COOKMAN UNIVERSITY Daytona Beach, FL
CLAFLIN UNIVERSITY Orangeburg, SC
CLARK ATLANTA UNIVERSITY Atlanta, GA
DILLARD UNIVERSITY New Orleans, LA
EDWARD WATERS UNIVERSITY Jacksonville, FL
FISK UNIVERSITY Nashville, TN
FLORIDA MEMORIAL UNIVERSITY Miami, FL
HUSTON-TILLOTSON UNIVERSITY Austin, TX
INTERDENOMINATIONAL THEOLOGICAL CENTER Atlanta, GA
JARVIS CHRISTIAN COLLEGE Hawkins, TX
JOHNSON C. SMITH UNIVERSITY Charlotte, NC
LANE COLLEGE Jackson, TN
LEMOYNE-OWEN COLLEGE Memphis, TN
LIVINGSTONE COLLEGE Salisbury, NC
MILES COLLEGE Birmingham, AL
MOREHOUSE COLLEGE Atlanta, GA
MORRIS COLLEGE Sumter, SC
OAKWOOD UNIVERSITY Huntsville, AL
PAINE COLLEGE Augusta, GA
PHILANDER SMITH COLLEGE Little Rock, AR
RUST COLLEGE Holly Springs, MS
SAINT AUGUSTINE'S UNIVERSITY Raleigh, NC
SHAW UNIVERSITY Raleigh, NC
SPELMAN COLLEGE Atlanta, GA
STILLMAN COLLEGE Tuscaloosa, AL
TALLADEGA COLLEGE Talladega, AL
TEXAS COLLEGE Tyler, TX
TOUGALOO COLLEGE Tougaloo, MS
TUSKEGEE UNIVERSITY Tuskegee, AL
VIRGINIA UNION UNIVERSITY Richmond, VA
VOORHEES COLLEGE Denmark, SC
WILBERFORCE UNIVERSITY Wilberforce, OH
WILEY COLLEGE Marshall, TX
XAVIER UNIVERSITY OF LOUISIANA New Orleans, LA

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Former UNCF Board Chair

"A Mind Is a Terrible Thing to Waste, But a Wonderful Thing to Invest In"™

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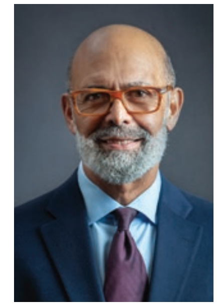
Message from the Chairman of the Board and the President and CEO

Milton H. Jones, Jr.
Board Chair, UNCF



Dr. Michael L. Lomax
President and CEO, UNCF

Pushing Through a Pandemic—And Reaping the Rewards

Welcome to UNCF's 2021 fiscal year Annual Report. And quite the year it was. As the newest chairman of the UNCF Board of Directors, I am pleased to present this annual report with UNCF President and CEO Dr. Michael L. Lomax. We write this letter amid some of the most challenging times in our 77-year history—yet one of our most successful years ever.

2021 was tumultuous on a range of fronts for the Black community, students and historically Black colleges and universities (HBCUs). However, our commitment to those we serve never wavered. We were forced to adapt quickly and innovate to ensure we had the resources to support our mission of ensuring as many talented, deserving students get to and through college as possible.

The onset of COVID-19 forced UNCF to suspend our in-person fundraising, close all our offices and transition to a virtual workplace. UNCF had very thin reserves—just months of operating funds—so we also had to develop a worst-case contingency. Instead of the $100 million we had expected to raise in our fiscal year beginning April 1, 2020, we scaled back our target to one-half that number. We reduced our operating expenses by one-third and cut all employee salaries so we could retain everyone that works for this organization.

Even with these cutbacks, we understood fundraising was imperative to get UNCF on sustainable footing. We quickly saw results, particularly from our large base of donors who responded to direct mail and online solicitations. Our donors understood that Black students and HBCUs faced large economic and health risks from COVID-19. The steady flow of gifts in April and May supported our continued operation.

By recognizing the importance of UNCF, HBCUs and education, our donors—both Black and White—pushed fundraising beyond our wildest expectations and sparked a historic groundswell of financial support.

Patty Quillin and Reed Hastings provided a $120 million gift—the single largest philanthropic investment in HBCU history at that time—to UNCF, Spelman College and Morehouse College. This gift set a precedent for giving to HBCUs, encouraging other donors to follow their lead. MacKenzie Scott, Bloomberg Philanthropies and others stepped up to help us keep HBCUs open to serve their students during one of the most difficult periods any of us have ever faced in our lifetimes.

When we closed our books on March 31, 2021, we had raised more than one-quarter of a billion dollars in private philanthropic support, the largest amount we ever secured in a single year. Direct mail and online fundraising were extraordinary. UNCF's Direct Response Program alone generated $18.9 million in revenue—nearly 2.5 times the revenue we received in the previous year.

This incredible generosity enabled us to increase both unrestricted and scholarship dollars for our HBCUs and their students. Our more than 77 years of success wouldn't be possible without the support of the many corporate donors who really put their belief in us to work—donors like Crown Castle, 3M and Synovus Financial Corp. Along with the billions of dollars for which we successfully advocated in the bipartisan federal stimulus programs of the Trump-Pence and Biden-Harris administrations, this bold influx of funds has helped HBCUs weather the disruptions cause by both the on-going health and racial pandemics.

Yet, we still have much work to do. One record-setting year of fundraising does not erase decades of neglect. Despite the challenges facing our students and HBCUs in 2021, thanks to you, our loyal supporters, partners and donors, UNCF remains steadfast. This annual report highlights several of the amazing accomplishments we achieved.

As you peruse this report, you'll read stories about how we launched an Executive Leadership Institute to increase engagement, knowledge-sharing and collaboration among our UNCF-member presidents, HBCU board members and those leading predominantly Black institutions. Learn how we continued a 15-year partnership with Alaska Airlines and unveiled a special aircraft symbolizing their support of UNCF and commitment to education and advancing racial equality, while flying students to HBCUs for college tours, career development events and other UNCF programs. Discover how we partnered with the CVS Health Foundation to establish scholarships for Black and Latinx students pursuing healthcare careers, and how Activision Blizzard stepped up to help us diversify the video gaming industry.

We're also featuring Dillard University President Dr. Walter M. Kimbrough and Chair of the Member Presidents in a story about his innovative leadership. We're especially grateful to brand marketing expert Tony Signore, CEO and managing partner at Taylor, for his passionate support of UNCF and HBCUs for over a decade. And a special shout out to DJ D-Nice whose Club Quarantine helped raise funds in 2021 during the pandemic for our member colleges and universities and their students.

As you read through the articles within this Fiscal Year 2021 Annual Report, know that the investment of your talent, time and treasure is well-placed and valued because we are using all of it to develop the future generation of diverse, American college-educated talent to lead us all to better futures.

Before closing, we would be remiss not to pay homage to three American icons we lost who were gigantic supporters of UNCF and the betterment of HBCUs: Congressman and lifetime civil rights champion of underserved individuals and HBCU students, John Lewis; former UNCF executive director, business trailblazer, civil rights leader and adviser to presidents, Vernon Jordan; and Hall of Fame baseball legend "Hammering" Hank Aaron. We will always remember their exemplary contributions to our mission.

Finally, 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 77 years of success inspire you to make our indelible motto, "A mind is a terrible thing to waste"®, your own.

We Impact

HBCUs HAVE PRODUCED MORE THAN

1 MILLION

ASSOCIATE, BACHELOR, MASTER AND DOCTORAL DEGREES COMBINED SINCE 1984.

Historic Financial Support Ignited with Patty Quillen and Reed Hastings $120 Million Gift Supporting Historically Black Colleges and Universities

Higher-education institutions, especially HBCUs, faced a seemingly insurmountable task during the pandemic to continue educating students and keep their doors open. HBCUs, with average endowments 70% smaller than those of other schools, did not have the safety net to confidently weather the storm.

In response, donors who were aware of the vital role of HBCUs sparked a historic groundswell of financial support. Patty Quillin and Reed Hastings provided a $120 million gift—the single largest philanthropic investment in HBCU history at that time—to UNCF, Spelman College and Morehouse College.

This gift marked a turning point in giving to HBCUs, leading other donors to step up. MacKenzie Scott provided more than half a billion dollars to a group of HBCUs. Bloomberg Philanthropies announced $100 million in funding to four Black medical schools: Meharry Medical College, Howard University College of Medicine, Morehouse School of Medicine and Charles R. Drew University of Medicine and Science. And the Community Foundation of Greater Memphis committed $40 million for LeMoyne-Owen College, a private HBCU and UNCF member. These gifts were accompanied by millions of dollars in donations from hundreds of corporations, foundations and individuals.

UNCF worked tirelessly on behalf of HBCUs to raise awareness and increase financial support. In 2021, UNCF fundraising exceeded $257 million—a remarkable amount of philanthropy that supported our students and fortified our member HBCUs. These gifts were largely responsible for enabling students to stay enrolled during the pandemic. They also amplified UNCF's ability to challenge norms and overcome systems that create educational barriers for Black students and the HBCUs that serve them.

This gift marked a turning point in giving to HBCUs. The single largest philanthropic investment in HBCU history at that time.

NON-PROFIT ORG.
U.S. POSTAGE
PAID
UNITED NEGRO
COLLEGE FUND INC.

The Power of We:

Direct Mail, Online Fundraising Delivered in FY 2021

UNCF received 199,567 gifts from individuals in the form of checks or online donations. The average gift was $95, and the median gift was $25.

Dear Friend/s of UNCF:

We needed you! And your help came just in time.

Thank you for your gift of $35.00 made to UNCF-United Negro College Fund on 10/27/2021. Your support makes a great difference in the lives of our talented students. Your requested changes, updates or special requests will be reflected in the next correspondence you receive from us.

Sincerely,

Michael L. Lomax, Ph.D.
President & CEO

P.S. Did you know you can double or even triple your gift through your company's matching gift (MG) program? For more information contact your human resources department; then send your signed MG form to Direct Response Programs, UNCF, 1805 7th Street, NW, Washington, DC 20001.

▲ Please detach at perforation and return stub with your donation in the attached envelope ▲

Dear Friend/s of UNCF:
Your additional gift of $_______ will help us give one more student a chance to earn a college degree.

Thanks again!

GIFT INFORMATION
☐ Please make checks payable to United Negro College Fund.
☐ Please charge my:
☐ ☐ ☐ ☐
Card # ______ Exp. Date ______
Amount ______ Exp. Date: ______ CVV#: ______
Signature ______
Phone ______
E-mail ______
3467521 RACK04

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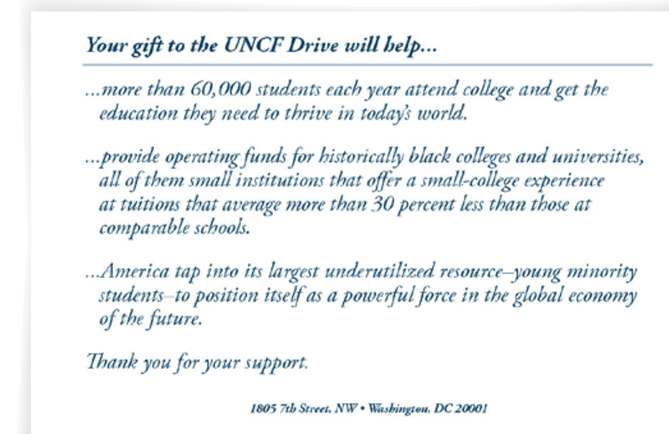
Detach Along Perforation
MOISTEN AND FOLD TO SEAL

Detach here / Fold here



Your gift to the UNCF Drive will help...

...more than 60,000 students each year attend college and get the education they need to thrive in today's world.

...provide operating funds for historically black colleges and universities, all of them small institutions that offer a small-college experience at tuitions that average more than 30 percent less than those at comparable schools.

...America tap into its largest underutilized resource–young minority students–to position itself as a powerful force in the global economy of the future.

Thank you for your support.

1805 7th Street, NW • Washington, DC 20001

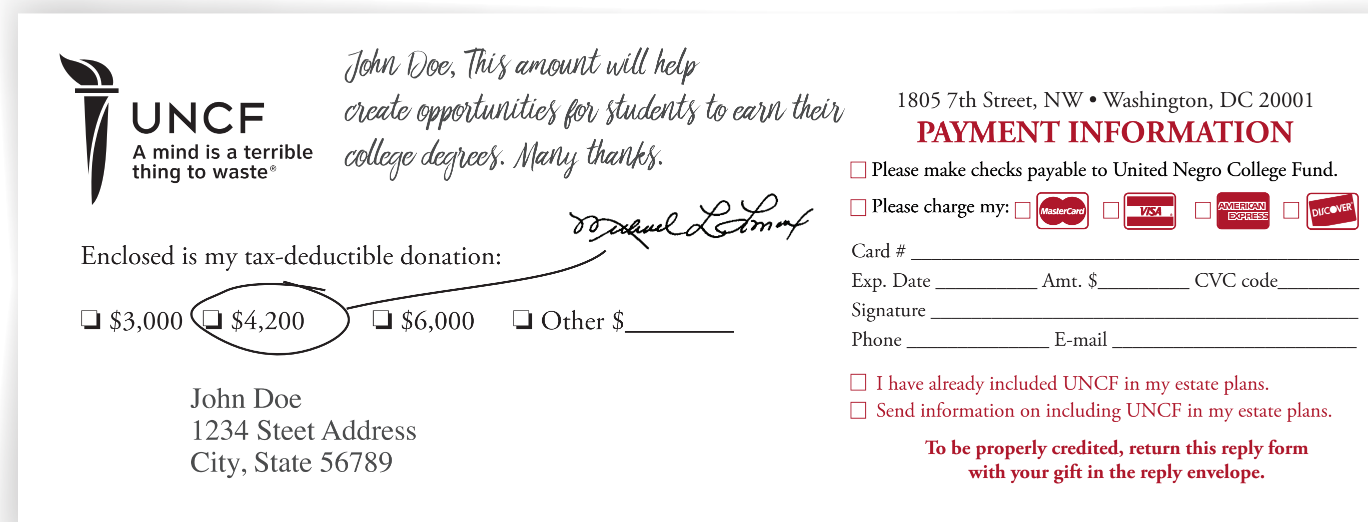
Direct mail and online fundraising performed extraordinarily well in FY 2021. UNCF's Direct Response Program generated $18.9 million in revenue, nearly 2.5 times the revenue in the previous fiscal year.

UNCF received 199,567 gifts from individuals in the form of checks or online donations. The average gift was $95, and the median gift was $25. Nearly 200,000 donors generously contributed small gifts to help UNCF support its colleges and students.

Buoyed by the exceptional times we all experienced in the 2021 fiscal year, donors saw the importance of helping to make sure the next generation of students have the opportunity to become educated professionals and engaged citizenry in the years to come.

The sudden and highly contagious pandemic, that caused a worldwide shutdown, hit our colleges hard forcing them to pivot quickly to shore up their online platforms and to make online learning available to students. The pandemic and the increased public awareness of inequities in race relations—brought to the forefront by the unfortunate death of George Floyd, along with the demonstrations by the Black Lives Matter movement—and the contentious presidential election season drove people to do something to make a difference.

For UNCF donors that something was strengthening the platform that supports our HBCUs and the students they educate. One highlight of FY 2021 was the phenomenal success of an Instagram evening spent with celebrity disc jockey D-Nice, who helped us raise $225,000 in about four hours. These funds, from donors who all gave small gifts, provided critical assistance to our students and colleges, especially as they adjusted to the pandemic. This is why at UNCF we always ask donors to give what they can afford because a gift of any size makes a big difference.



UNCF
A mind is a terrible thing to waste®

John Doe, This amount will help create opportunities for students to earn their college degrees. Many thanks.

Enclosed is my tax-deductible donation:

❑ $3,000 ❑ $4,200 ❑ $6,000 ❑ Other $________

John Doe
1234 Steet Address
City, State 56789

1805 7th Street, NW • Washington, DC 20001

PAYMENT INFORMATION
☐ Please make checks payable to United Negro College Fund.
☐ Please charge my: ☐ MasterCard ☐ VISA ☐ American Express ☐ Discover
Card # ______
Exp. Date ______ Amt. $ ______ CVC code ______
Signature ______
Phone ______ E-mail ______
☐ I have already included UNCF in my estate plans.
☐ Send information on including UNCF in my estate plans.

To be properly credited, return this reply form with your gift in the reply envelope.

At UNCF, we always ask donors to give what they can afford because a gift of any size makes a big difference.

2021 WINTER APPEAL

Dear Mr. Doe:

You'll get a FREE Holiday Tote Bag with your gift in this amount or more.

Your gift of ❑ $10 ❑ $15 ❑ $20 ❑ $25 or $__________ (Other)
creates opportunities for students to earn their college degrees. Many thanks!

Holiday Totebag
YOURS FREE!
Our sincere thanks for your generous donation.

John Doe
1234 Steet Address
City, State 56789

UNCF
A mind is a terrible thing to waste®

PAYMENT INFORMATION
☐ Please make checks payable to United Negro College Fund.
☐ Please charge my: ☐ MasterCard ☐ VISA ☐ American Express ☐ Discover
Card # ______
Exp. Date ______ Amt. $ ______ CVC ______
Signature ______
Phone ______
E-mail ______
☐ I have already included UNCF in my estate plans.
☐ Send information on including UNCF in my estate plans.
Please detach and return this form with your gift.

Please return this Donor Form with your donation in the reply envelope.

Historic UNCF National Virtual Walk for Education Raises $2.9M for HBCUs

NBA star Shaquille O'Neal hosts the walk, lending his name to help UNCF raise the largest amount it has ever raised through its Walk for Education.

DJ D-Nice performs during the first-ever UNCF National Virtual Walk for Education.

Development Vice President Therese Badon speaks about the importance of supporting HBCUs from the campus of UNCF-member institution Dillard University in New Orleans.

Anthony Hamilton Grammy-Award winning singer, songwriter and producer.

During a historic day, UNCF conducted its first-ever National Virtual Walk for Education online in Fiscal Year 2021. The event successfully helped the organization reach new fundraising heights, exceeding the original goal of $1.5 million by raising $2.9 million for UNCF's historically Black colleges and universities (HBCUs) and their students.

While the country practiced social distancing, the event encouraged and engaged individuals to participate in a variety of physical activities including walking, running, cycling and dancing—all while having fun, staying safe and raising money for UNCF. The new virtual fundraiser replaced the annual in-person walk events that many of the UNCF local offices conduct each spring, summer and fall, taking what's typically been a market-by-market approach to a fully nationwide virtual activation event.

The impressive event's success was largely due to the overwhelming support from corporations, individuals, group donors and national sponsors including national doctorate level, The Colgate-Palmolive Company and Global Payment, Inc.; National Master's Level, Arch Capital Group, LTD., Bayer, Essentia Water and Goldman Sachs.

The revamped, highly anticipated UNCF National Virtual Walk for Education featured performances by Anthony Hamilton and Questlove with appearances by Shaquille O'Neal, Lynn Whitfield, Jonathan Slocumb and event host, Wendell Pierce.

With no immediate end in sight for the global pandemic, UNCF is expected to continue its successful National Virtual Walk for Education.

UNCF Creates Executive Leadership Institute for HBCU and PBI Presidents and Board Chairs

The events depicted here are pre-COVID.

> **"At a time when all colleges and their students face unprecedented challenges from COVID-19, a terrible recession and the ongoing legacy of racism, it's critical that HBCUs and PBIs, the bedrock of African American higher education, are strong."**

In 2021, UNCF launched its Executive Leadership Institute (ELI) to increase engagement, knowledge-sharing and collaboration among presidents and board members at Historically Black Colleges and Universities (HBCUs) and predominantly Black institutions (PBIs).

Funded by The Kresge Foundation, ELI has a mission to deliver a leadership curriculum and engagement model designed specifically for institutional presidents and board members of HBCUs and PBIs. ELI was conceived based on the belief that transformational change in higher education institutions is only possible when executive and governance leadership are aligned, informed and interconnected to other leaders engaged in the pursuit of similar missions and goals.

To kick off this initiative, ELI implemented two complementary but distinct programs:
The Executive Leadership Series and the Presidential Leadership Institute invited board members at HBCUs and PBIs to participate in a virtual webinar series designed to amplify best practices in board engagement and stewardship, while encouraging relationship-building and networking among HBCU and PBI board members. A virtual roundtable conversation with President and CEO of TIAA-CREF Dr. Roger Ferguson and Prairie View A&M University President Dr. Ruth Simmons, which was moderated by UNCF CEO and President Dr. Michael L. Lomax.

In the summer of 2021, ELI launched the Presidential Leadership Institute, a cohort experience developed in conjunction with the Higher Education Leadership Foundation, for select HBCUs and PBIs that seek a higher level of engagement and the opportunity to collaborate with other presidents and boards.

"HBCUs and PBIs with the right leadership, resources and vision operate as transformational organizations for their students, alumni and communities," said Lomax. "In an era where collaboration is key to any institution's survival, ELI will encourage relationship development across our community and support leadership as they implement strategies and programs to benefit the diverse individuals and communities HBCUs and PBIs serve."

"The modern-day CEO serving at our HBCUs require a unique skillset in addition to the best-in-class core competencies required to lead," said Dr. Herman J., Felton, Jr. president of Wiley College and co-founder of the Higher Education Leadership Foundation. "The philanthropic support of The Kresge Foundation and partnership with the iconic UNCF brand demonstrates a palpable synergy in our shared commitment to ensuring HBCU leaders glean from passionate and committed administrators who can share from the lived experience while simultaneously creating a collegial web to support leadership at HBCUs."

"At a time when all colleges and their students face unprecedented challenges from COVID-19, a terrible recession and the ongoing legacy of racism, it's critical that HBCUs and PBIs, the bedrock of African American higher education, are strong," said William F. L. Moses, managing director, education, The Kresge Foundation. "We are delighted to support UNCF's Executive Leadership Institute, designed to strengthen HBCUs and PBIs as they navigate the complex terrain of fiscal management, governance and accountability in a new, more complex era." This Executive Leadership Institute pays untold dividends, helping to diliver on UNCF's promise of working toward better futures for us all.

UNCF Remained an Effective and Vigilant Advocate for HBCUs in FY 2021

In a series of appropriations bills, UNCF's engagement helped direct $5 billion in federal funds to HBCUs, tribal colleges and universities and minority serving institutions.

No HBCU has had to permanently cease operations during the pandemic.

UNCF has long been an active partner in lobbying the federal government—the largest source of funding for HBCUs—to increase the financial commitment to HBCUs. **Over the past year, the adverse impact of the pandemic on the economy and the ongoing effects of systemic racism through police shootings and civil unrest, the need within the Black community made UNCF's advocacy an even more urgent priority.** As a direct result of this advocacy, UNCF's work spurred an unprecedented increase in funding for HBCUs and will yield transformative outcomes.

In a series of appropriations bills, UNCF's engagement helped direct $5 billion in federal funds to HBCUs, tribal colleges and universities (TCUs) and minority serving institutions (MSIs). In December 2020, Congress allocated $1.7 billion for HBCUs, TCUs and MSIs. That law also included the forgiveness of federal loans for 45 HBCUs, giving these institutions the ability to emerge from debt and reimagine themselves. In March 2021, the American Rescue Plan included nearly $3 billion for HBCUs, TCUs and MSIs. In all instances, HBCUs received most of the allocated funds. Thanks in large part to this federal support, no HBCU has had to permanently cease operations during the pandemic.

Our 2021 advocacy put UNCF in an advantageous position to pursue our future priorities to more than double the maximum Pell Grant award to assist minority and low-income students, from its current $6,345 to $13,000 and to significantly increase funding and investments for technology and research at HBCUs to spur job creation and innovation.

Our advocacy continued through the HBCUs IGNITE campaign to urge Congress to increase funding to HBCUs in the infrastructure and reconciliation bill by $1 billion, protect funding for HBCUs and pass the HBCUs IGNITE Excellence Act, which provides funding for desperately needed repairs and renovations for HBCU campus buildings and research facilities across the United States.

$5 Billion Federal Funds.

Congress Allocated **$1.7 Billion** for HBCs, TCUs and MSIs.

American Rescue Plan Included nearly **$3 Billion.**

Urged to Increase the Infrastructure and Reconciliation Bill by **$1 Billion.**

Innovative HBCU Leader Found His Calling: Dr. Walter M. Kimbrough

Growing up, people would often ask Dillard University President Walter M. Kimbrough if he was going to be a preacher like his dad. He adamantly replied, "no" every time, but he did find his own calling in higher education. "The presidency of a college and university is a ministry."

For more than a decade of ministry to HBCUs, Kimbrough has been the innovative leader who has made an indelible impact as president of Dillard University.

A native of Atlanta, Kimbrough was his high school salutatorian and student body president in 1985 and went on to earn degrees from the University of Georgia, Miami University in Ohio, and a doctorate in higher education from Georgia State University. He has enjoyed a fulfilling career in student affairs, serving at Emory University, Georgia State University, Old Dominion University and Albany State University. In October of 2004, at the age of 37, he was appointed the 12th president of Philander Smith College. In 2012 he was appointed the seventh president of Dillard University in New Orleans, LA.

Entering his 10th year at the helm of Dillard, President Kimbrough has led the university to unprecedented growth.

Kimbrough was elected Chair of the UNCF-Member Presidents in October 2021. He was elected and served as Vice Chair of the Member Presidents in March 2019 to October 2021. Before that he served as Secretary of the Members. Kimbrough has served as Chair of the Government Affairs Committee since March 2019.

Kimbrough has been recognized for his research and writings on HBCUs and African American men in college. Recently he has emerged as one of the leaders discussing free speech on college campuses.

Kimbrough also has been noted for his active use of social media supporting all HBCUs. He was cited by Education Dive as one of 10 college presidents on Twitter who are doing it right (@HipHopPrez), and in 2015 he was named by The Best Schools.org as one of the 20 most interesting college presidents. In 2020, he was named by College Cliffs as one of "50 Top U.S. College and University Presidents."

Kimbrough has forged a national reputation as an expert on fraternities and sororities, with specific expertise regarding historically Black, Latin and Asian groups. He is the author of the book, *Black Greek 101: The Culture, Customs and Challenges of Black Fraternities and Sororities,* and has served as an expert witness in a number of hazing cases.

Entering his 10th year at the helm of Dillard, President Kimbrough has led the university to unprecedented growth.

Getting a $160 million loan from the federal government forgiven is among Kimbrough's most significant accomplishments. The loan forgiveness was a transformational transaction that paved the way for significant endowment growth. During his tenure, the endowment grew by more than 115%, with it now exceeding $100 million and placing it among the top endowments among all HBCUs.

Alumni giving grew exponentially over the past nine years. Through increased engagement, Dillard went from 4% alumni giving to 23%, placing the university in the top tier of all colleges and universities nationwide.

Under Kimbrough's leadership, Dillard's academic profile has increased with the introduction of two signature programs, physics and film studies, and the restructuring of its nursing school to the College of Nursing. **Dillard is the third-highest producer of African American undergraduate physics degrees in the United States. The university has also seen increases in its retention and graduation rates since 2012.**

On Aug. 9, 2021, Kimbrough informed the Dillard University Board of Trustees that the 2021-2022 school year will be his last as leader of the 152-year-old historically Black institution of higher learning.

Having recently received a 10-year reaccreditation from the Southern Association of Colleges and Schools Commission on Colleges, Kimbrough will leave Dillard in a strong position for continued growth.

While Kimbrough is moving on to accept his next calling in life where his gifts and graces match the needs of an institution at this point in their history, he is leaving an indelible mark on Dillard University as a distinguished leader among HBCU presidents that will ensure better futures for all.
.

We Invest

SINCE ITS INCEPTION, UNCF HAS RAISED MORE THAN

$5 BILLION

IN FUNDING.

Legacy of a Compassionate Educator: Vincent J. Butler

Vincent J. Butler is described as "…that one teacher a student can only dream about having," by Roseann Palumbo Montemarano, one of Butler's former students. This sentiment is widely shared among the alumni of Morristown High School ("MHS") in Morristown, NJ.

Butler headed the art department at MHS from 1960s to 1980s. His former students reflect that he was a compassionate educator who used his love for the arts to, not only teach, but to reach students.

"He was the epitome of a gentleman and a caring soul. He treated his students with the same kindness and respect given to him," continued Montemarano.

His salons at his legendary apartment on Mount Kemble Avenue, Morristown, introduced a generation of students to classical music and the opera. As the long-time faculty advisor of the MHS yearbook, "The Cobbonian," Butler connected with each high school class.

"Mr. Butler not only embraced and enhanced my artistic abilities, he always brought a humor to his classroom that treated his students not as random kids but as peers who also sought his wisdom as a mentor," said Brent Whiting, one of Butler's former students.

In addition to his love for teaching, Butler enjoyed traveling. He was an early visitor to China and Cuba as they opened their borders 30 years ago. Butler received his undergraduate degree from Montclair State Teachers College, NJ, and received his master's degree from Columbia University, NY.

Butler brought that world view into the classroom and was a visionary, always ahead of his time. He was affectionately known as the "King of the MHS Art House." While his students and the Morristown community will miss him dearly, his impact continues with his gift to UNCF. Through his legacy gift, Butler ensures that a new generation of students receive an education and an opportunity to achieve their full potential.

"Mr. Butler not only embraced and enhanced my artistic abilities, he always brought a humor to his classroom that treated his students not as random kids but as peers who also sought his wisdom as a mentor."

3M Partners with UNCF Minneapolis to Launch New Scholarship Program for St. Paul, MN, Students to Attend HBCUs

Considering the killing of George Floyd in May 2020, 3M, a global science and technology company, along with other companies, our communities and our society at large became more aware and engaged in addressing social justice, racial equity and inclusion. The need to be resilient, resourceful and relentless in driving change was evident. 3M made an initial commitment to listen, understand and act. Listening to their employees and better understanding the needs of our communities helped them identify where they could take positive and meaningful action to make a difference.

$5 Million gift from 3M to UNCF. Support more than 100 students on STEM-related studies at HBCUs.

Community Relations Vice President at 3Mgives, Michael Stroik, approached UNCF Minneapolis to discuss potential partnership opportunities around education and workforce development recognizing that these are key to racial equity and addressing racial opportunity gaps. Many industries, including STEM industries throughout the country have been challenged with the task of exposing, developing and retaining a diverse global workforce, particularly people of underrepresented minority groups. Therein lies an opportunity to reverse this trend through high school awareness of STEM fields and careers and by partnering with HBCUs which produce almost one-fifth of Black college graduates with bachelor's degrees in the United States.

To make this happen, in FY 2021, a $5 million gift from 3M to UNCF created a multi-year need-based scholarship program to support more than 100 St. Paul, MN, students as they embark on STEM-related studies at HBCUs. The UNCF/3M Science Applied to Life Scholarship Program was opened to underrepresented minority high school seniors attending Saint Paul Public Schools or charter schools serving St. Paul students and first-year college students attending an HBCU.

"Through their investment, 3M is making the single largest contribution in UNCF history for students based in St. Paul," according to UNCF Area Development Director Laverne McCartney Knighton. "This will make a significant impact for St. Paul students who are interested in attending historically Black colleges and universities."

Because of 3M's long tradition of philanthropy and volunteer initiatives that promote STEM equity and skilled trades as bridges of opportunity, they wanted to make an investment that will broaden access to science, manufacturing and skilled trades careers inside and outside 3M, with a focus on progress for underrepresented groups in St. Paul.

"Progress requires us all to stand up as advocates for racial inclusion and social justice," says 3M Chairman and CEO Mike Roman. "3M will bring our science, our innovation, our volunteerism and our business rigor to these challenges. I stand shoulder to shoulder with everyone who wants to make a difference, and commit our expertise, experience and energy to improving our society one community at a time."

The UNCF/3M Science Applied to Life Scholarship Program provides significant scholarship support to underrepresented minority students from St. Paul Public Schools interested in STEM careers to attend public and private HBCUs and universities. Students will apply their senior year of high school and be eligible to receive $25,000 in renewable scholarship funding over four years upon confirmed enrollment at an HBCU. Additional funds will be available for emergency student aid (as needed) and scholarship assistance for participating 3M scholars requiring a fifth year to complete their STEM degree. In total, there will be four cohorts of 29 students for a total of 116 3M Scholars. In addition, the program will offer wrap-around student support services to encourage college persistence and academic excellence to include a college success coach, leadership training and an online learning community. The result will be a cadre of minority leaders from St. Paul poised to assume fulfilling STEM careers.

"This is a defining time for all companies and 3M is no different in that respect," Scott said. This is an opportunity for us to shape what we're going to be for the next 100 years."

The decision-making process for this initiative involved the UNCF leadership team, including the Minneapolis area office development director, vice president of development, the programs and student services team, as well as a coalition of community leaders from St. Paul Public Schools, Mayor Melvin Carter, City of St. Paul, Center for Economic Inclusion, St. Paul & Minnesota Foundation, and nonprofit leaders from Greater Twin Cities United Way and UJAMAA Place.

Scott Morris
During his 33-year tenure at 3M, Global Diversity and Inclusion Strategist Scott Morris has never been more excited to be a part of a company and movement that is helping affect people's lives. It's that excitement, mixed with his incredible passion and leadership, that has led to some of 3M's biggest equitable actions in the past year.

Alaska Airlines, UNCF Celebrate Education and Equity with a Special Aircraft

The plane is a Boeing 737-900ER, and commercial service on the aircraft began with an inaugural flight to Washington, DC. **Onboard guests receive special greetings produced digitally to learn details on Alaska's Airlines commitments to diversity and equity, and information on UNCF and HBCUs, including how to donate to the organization.**

This partnership with Alaska Airlines takes education and equity to the skies as we help students achieve their dreams of a better future.

As an airline with the unique asset of aircraft, Alaska Airlines has a long history of displaying values and special messages on the wings of their aircraft, including "Honoring those who serve" aircraft, which honors the brave men and women of the U.S. military.

On April 27, 2021, Alaska Airlines, in partnership with UNCF for more than 15 years, unveiled a special aircraft as a symbol of their support of UNCF's mission and the airlines commitment to education and advancing racial equality. The special aircraft made its inaugural flight from Seattle to Washington, DC.

"As a company, we know we are not yet where we need to be when it comes to diversity, but we are inspired and guided by our value to do the right thing. With this aircraft, we are doing the right thing by amplifying the conversation around education, equity and belonging and taking it to the skies," said Ben Minicucci, Alaska Airlines CEO. "This aircraft will continue to be an inspiration for us on the journey."

The custom-painted Boeing 737-900 ER features artistic renderings of 14 students connected to Alaska Airlines employees, along with quotes from legendary activists Dr. Martin Luther King, Jr. and former South African President Nelson Mandela.

Alaska Airlines employees inspired the aircraft following conversations with Alaska Air Group Black Employees, Allies & Advocates following last summer's civil unrest.

The aircraft flies throughout Alaska's network, inspiring conversation, raising awareness and spreading the word about UNCF, an organization dedicated to enabling underrepresented students to become highly qualified college graduates.

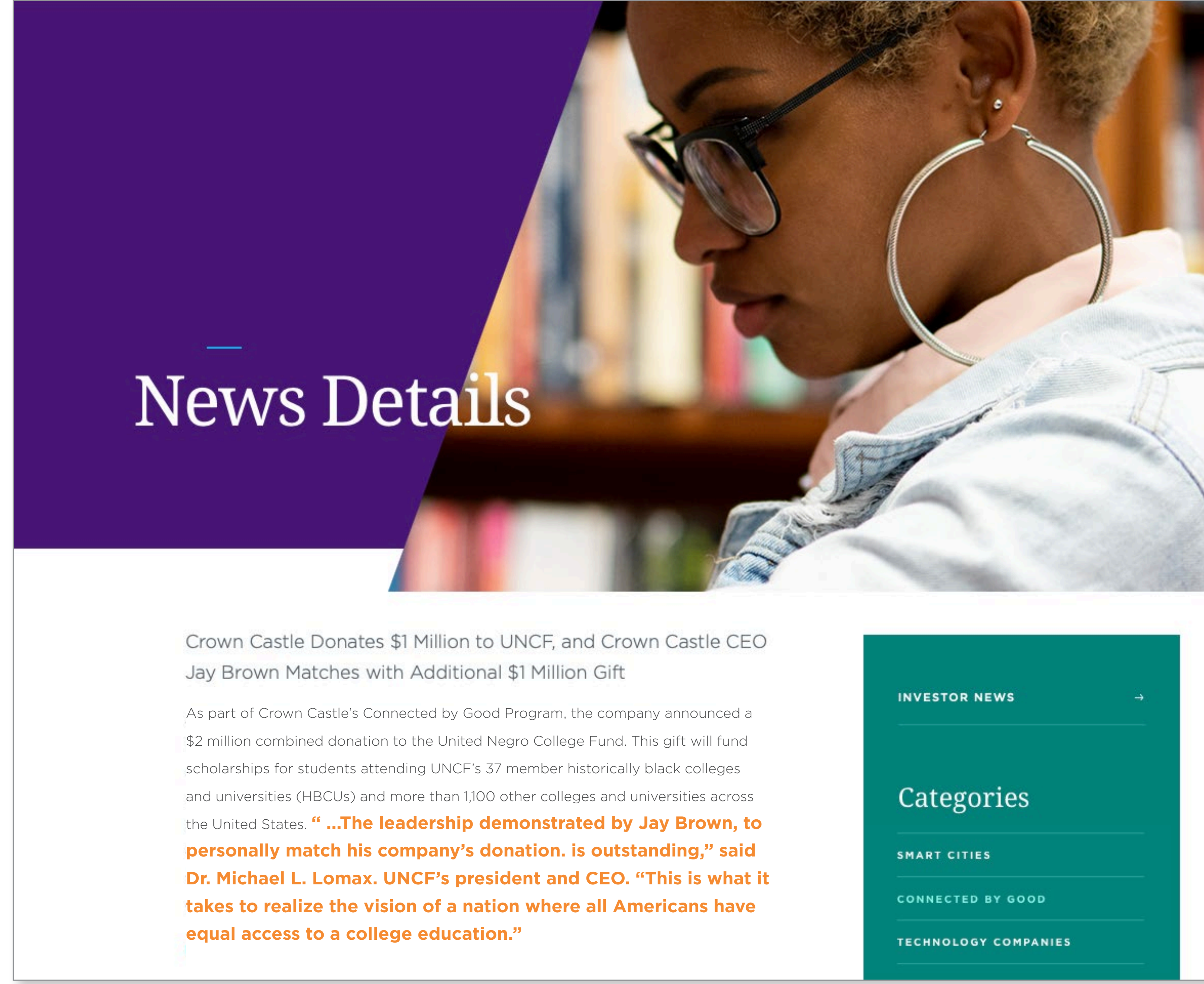
In 2017, UNCF became one of Alaska Airlines LIFT Miles partners, enabling guests to contribute airline miles to ensure travel does not hold young people back from pursuing their college dreams. More than 13.4 million Alaska Airlines miles to fly students to HBCUs for college tours, career development events and other UNCF programs.

This partnership with Alaska Airlines takes education and equity to the skies as we help students achieve their dreams of a better future.

Crown Castle Donates $1Million to UNCF; CEO Jay Brown Matches It

Crown Castle owns, operates and leases more than 40,000 cell towers and approximately 80,000 route miles of fiber supporting small cells and fiber solutions across every major United States market. Crown is also committed to equal access to a quality education and demonstrated that commitment in 2021 with a $2.2 million combined donation to UNCF as part of the company's Connected by Good Program, a platform for the company to give and volunteer in the communities where their employees live and work.

The gift funds scholarships for students attending UNCF's 37 member HBCUs and more than 1,100 other colleges and universities across the United States.



News Details

Crown Castle Donates $1 Million to UNCF, and Crown Castle CEO Jay Brown Matches with Additional $1 Million Gift

As part of Crown Castle's Connected by Good Program, the company announced a $2 million combined donation to the United Negro College Fund. This gift will fund scholarships for students attending UNCF's 37 member historically black colleges and universities (HBCUs) and more than 1,100 other colleges and universities across the United States. **" ...The leadership demonstrated by Jay Brown, to personally match his company's donation. is outstanding," said Dr. Michael L. Lomax. UNCF's president and CEO. "This is what it takes to realize the vision of a nation where all Americans have equal access to a college education."**

INVESTOR NEWS →

Categories

SMART CITIES

CONNECTED BY GOOD

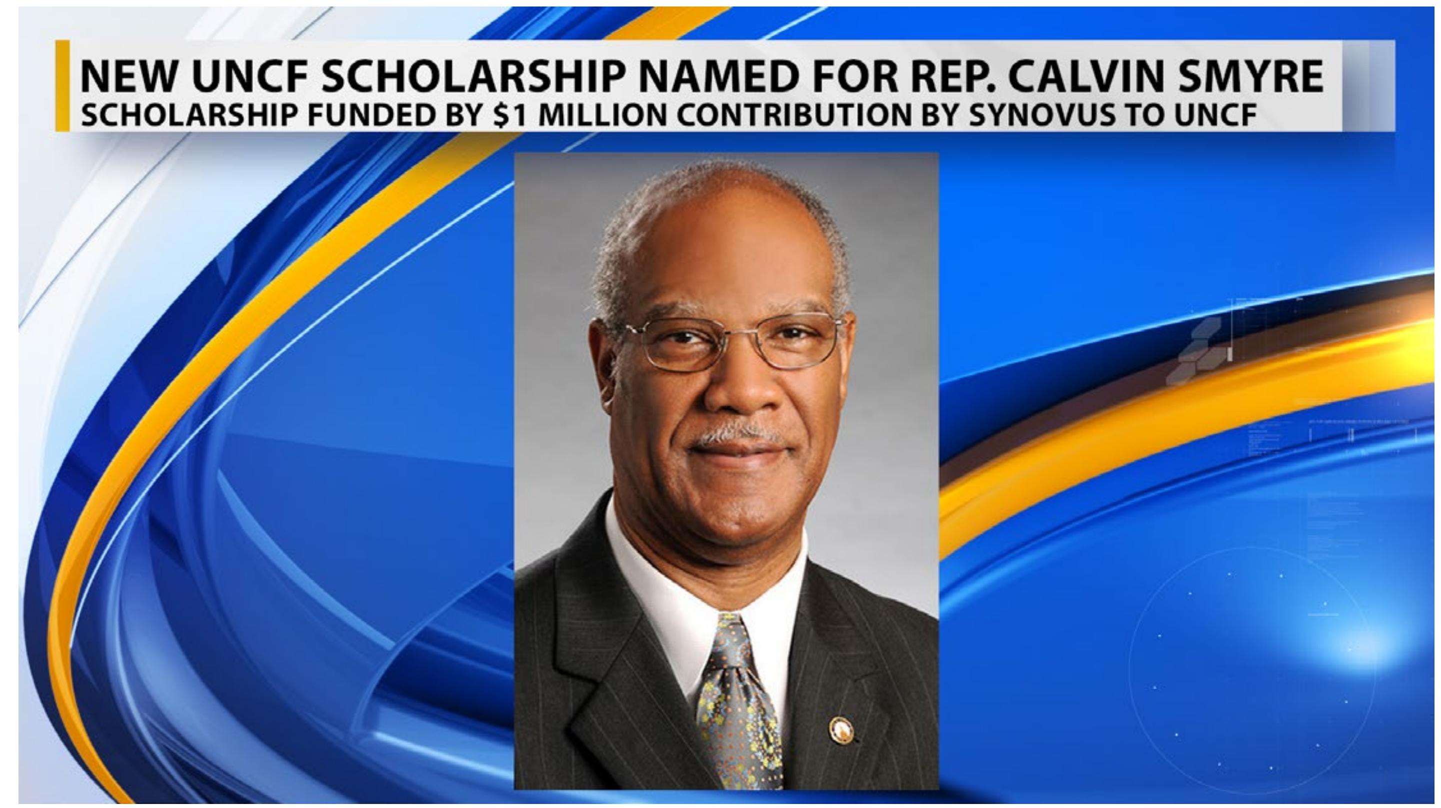
TECHNOLOGY COMPANIES

The donation included a $1 million company contribution and a $1 million personal match from Crown Castle CEO Jay Brown. In addition, Crown Castle employees and board members contributed themselves, resulting in the creation of a UNCF Crown Castle Opportunity Scholarship

"We believe in treating everyone with dignity, humanity and respect," said Brown. "Equal access to a quality higher education is critical to creating opportunities. I'm committed personally, and as Crown Castle's leader, to invest in the future leaders of our country."

Crown Castle's generous donation and commitment will have a lasting impact on our students. And the leadership demonstrated by Jay Brown, to personally match his company's donation, is outstanding. This is what it takes to realize the vision of a nation where all Americans have equal access to a college education and the ability to create better futures.

Synovus Contributes $1M to UNCF; Names Scholarship to Honor Rep. Calvin Smyre



"Synovus is a valued partner of UNCF, and this contribution is a powerful validation of our work to support HBCUs and improve the lives of HBCU students," said Dr. Michael L. Lomax, UNCF's president and CEO.

"Our country has been bluntly reminded of the work that remains to ensure equal opportunities and to address persistent racial and educational inequalities," said Kessel D. Stelling, chairman and CEO, Synovus Financial Corp.

With those words, Synovus and UNCF announced a $1 million gift on Aug. 5, 2020, to provide scholarships for African American students to attend HBCUs and other institutions of higher education in Synovus' five-state footprint.

Named in honor of Georgia State Rep. Calvin Smyre, the Synovus/Calvin Smyre Scholarship Fund will provide one scholarship annually to a student enrolled at Smyre's beloved alma mater Fort Valley State University, an HBCU in Fort Valley, GA. Smrye also serves as chairman of the university's foundation.

A Columbus, GA. native, Smyre is the longest-serving member of the Georgia General Assembly. Elected in 1974, Smyre's legislative record includes authoring the bill making Dr. Martin Luther King, Jr.'s birthday a state holiday, co-sponsoring the historic legislation creating a new Georgia state flag, crafting legislation authorizing the HOPE Scholarship Program and co-sponsoring the Georgia Hate Crimes Act, which became law. He is Synovus' former executive vice president of corporate affairs.

"Synovus is a valued partner of UNCF, and this contribution is a powerful validation of our work to support HBCUs and improve the lives of HBCU students," said Dr. Michael L. Lomax, UNCF's president and CEO. "It is also a fitting tribute to State Representative Smyre, who has made many invaluable contributions for decades as a public servant and supporter of both UNCF and our member HBCUs."

"This has certainly come full circle for me," said Rep. Smyre. "Everyone who knows me understands my passion for financially assisting students seeking higher education. I have committed my life to pursuing equality and improving the quality of life in Georgia throughout my career in the Georgia House of Representatives and my work on behalf of UNCF. I'm especially proud of my four decades-long association with UNCF to help further its mission of providing access to higher education for African Americans in my hometown of Columbus and across the country. And I am now honored to be the namesake of Synovus' generous gift and clear commitment to increasing educational opportunities for African Americans across the Southeast. Synovus has long been a special part of my life, and I am both humbled and grateful to be recognized in such a meaningful way."

The courageous leadership of Rep. Smyre and the generosity of financial institutions like Synovus will help us to continue making tremendous strides toward a better future for our students and our nation.

We Innovate

UNCF INVESTS IN STUDENTS BY PROVIDING MORE THAN 400 PROGRAMS AND

10,000 SCHOLARSHIPS

EVERY YEAR.

CVS Health Foundation Establishes $5M Scholarship for Black, Latinx Students Pursuing Healthcare Careers

"UNCF has an impressive track record of impacting minority education and improving graduation rates for students, while making a meaningful difference in the lives of selected scholars."

College students who receive UNCF scholarships outperform the national population of students journeying to and through college. According to UNCF's Frederick D. Patterson Research Institute, 70% of African American freshmen who received a UNCF general scholarship graduated within six years, compared to only 38% of all African American students nationwide. An impressive accomplishment that caught the attention of the CVS Health Foundation.

On Jan. 28, 2021, CVS, in collaboration with UNCF, announced the establishment of a five-year, $5 million CVS Health Foundation Healthcare Careers Scholarship Program. Under the program, scholarships are awarded to Black and Latinx students pursuing an academic career in healthcare. The new scholarship program is part of CVS Health's overall nearly $600 million commitment over the next five years to address inequity faced by Black people and other disenfranchised communities.

"This scholarship enabled me to focus on school and my passion for healthcare, rather than the financial burden of going to pharmacy school," said Kendra M. Thomas, a student in her fourth year at The Ohio State University College of Pharmacy and a CVS Health scholar.

"Working with UNCF, the CVS Health Foundation is supporting a best-in-class model for moving students to and through college," said Eileen Howard Boone, senior vice president, corporate social responsibility and philanthropy, CVS Health and president of the CVS Health Foundation. "UNCF has an impressive track record of impacting minority education and improving graduation rates for students, while making a meaningful difference in the lives of selected scholars."

Kendra M. Thomas, a student in her fourth year at The Ohio State University College of Pharmacy, and CVS Health scholar can attest to that. "This scholarship enabled me to focus on school and my passion for health care, rather than the financial burden of going to pharmacy school," said Thomas. "As we have seen the devastating impact COVID-19 has had on communities of color, this new program will help ensure that the health care industry will have more people who look like the communities they serve. It will help more students like me to reach their full potential." Upon graduation, Thomas has a fellowship to work with the Johnson and Johnson U.S. Oncology Marketing and Market Access teams.

The CVS scholarship program will feed a robust pipeline of underrepresented students, which will in turn strengthen the pool of talented college graduates ready for today's and tomorrow's workplace," said David Casey, senior vice president and chief diversity officer, CVS Health. "Enabling students to excel in the workforce—particularly people of color and those facing financial barriers—advances our commitment to social justice and equity and will have a lasting impact."

Black and Latinx students attending an accredited four-year college or university in the United States with an interest in pursuing a career in the healthcare sector are eligible to apply for the CVS Health Foundation's need-based scholarships. Eligible areas of study will bolster the healthcare innovation talent pipeline, with majors including pharmacy, nursing, business management, biology, biochemistry, finance, operations/supply chain, data analytics, information technology, actuary and human resources. The two-year scholarships will support students in their junior and senior years as they complete their studies.

UNCF Partners with Activision Blizzard to Help Diversify the Gaming Industry

Scholarships.

Internships.

Mentorships.

Through a partnership in 2021, UNCF and Activision Blizzard, established programs that connect students to skills-building activities that will equip and empower them to design video games to play on X-Box, and other systems, and compete in the tech/gaming workforce.

While many college students may know how to play X-Box, few know how to design the games that are compatible with X-Box.

UNCF and Activision Blizzard, an international corporation and a leader in the video gaming industry, have committed to work together to change that situation. Through a partnership in 2021, UNCF and Activision Blizzard, established programs that connect students to skills-building activities that will equip and empower them to design video games to play on X-Box, and other systems, and compete in the tech/gaming workforce. The partnership includes scholarships, internships and mentorships.

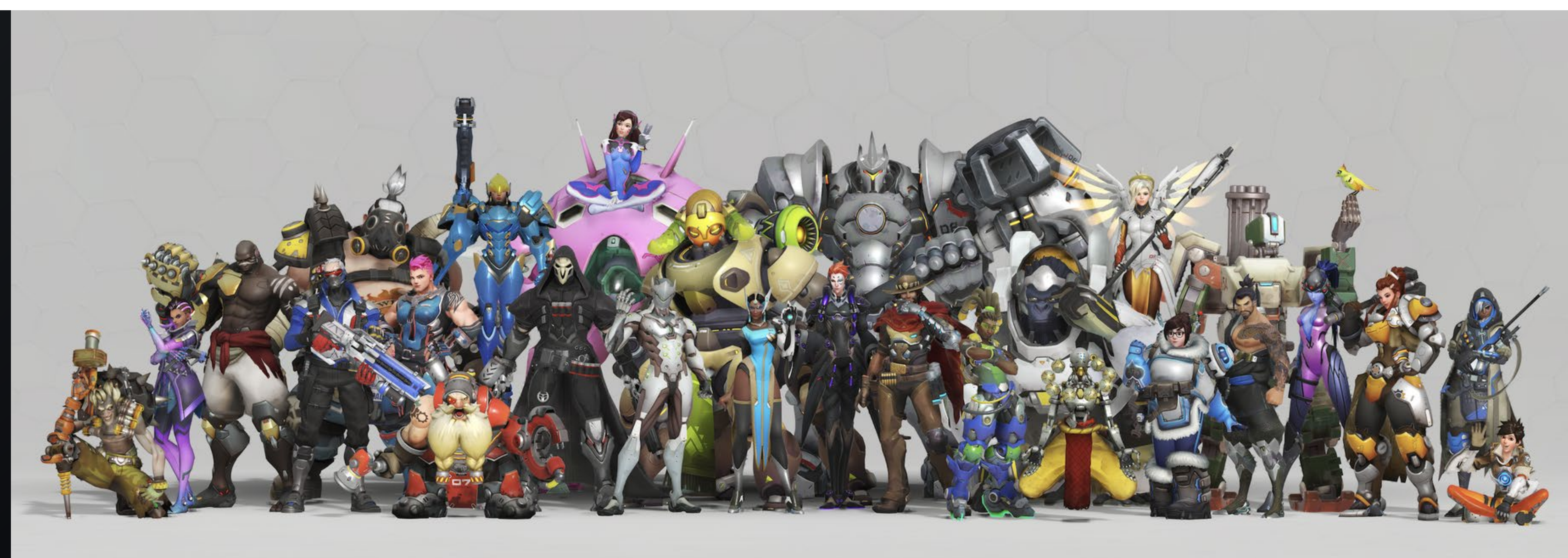
"As part of Activision Blizzard's commitment to greater diversity in our workforce, we have been partnering with the UNCF. We chose UNCF from a field of many worthy organizations due to the integrity of its operations, history of meaningful impact and commitment to not just education, but positive career outcomes stemming from the undergraduate experience. Our employees immediately rallied around the cause, and we look forward to the expansion of our partnership with UNCF," said Dan Goldenberg, executive director, Call of Duty Endowment and vice president of Corporate Social Responsibility at Activision Blizzard.

The relationship with Activision Blizzard was timely as UNCF continues working with STEM educators and students attending Clark Atlanta University, Morehouse, Morris Brown College, Spelman and Atlanta Public Schools to build stronger pipelines and pathways from K12 to careers in the tech industry, including gaming.

Led by companies like Activision Blizzard, the gaming industry is ahead of the curve with regard to growth that is being driven by talent and human capital. Corporations depend on sourcing and recruiting talent from colleges and university students majoring in computer science and engineering.

In partnering with UNCF, Activision Blizzard is demonstrating its commitment and willingness to provide funds to talented HBCU students, so they are career-ready when they graduate from college.

ACTIVISION BLIZZARD



HBCUs PRODUCE NEARLY

20%

OF ALL AFRICAN AMERICAN COLLEGE GRADUATES.

We Inspire

Tony Signore's lifelong passion for education and equality, inspired by the great Frederick Douglass, has resulted in a personal and professional commitment to support HBCU students across the country. Since 2006, Signore has lent his time and talent to ensure students of color were provided with opportunities and access to help them achieve their academic and professional goals. And his voice continues to resonate with students, faculty and administrators across HBCU campuses, with fellow members of the UNCF Leadership Council, and over the airwaves with national talk show hosts.

Tony Signore: A Personal Commitment to Preserving the Legacy of Frederick Douglass and Supporting HBCU Students Nationwide

On the morning of the 2020 UNCF Annual Gala in Washington, DC, Signore was an in-studio guest on "The Laura Coates Show," a national radio program broadcast live on SiriusXM. Signore's interview, originally scheduled for 10 minutes to discuss the UNCF mission, the importance of HBCUs and the Frederick Douglass Bicentennial Scholarship, turned into an engaging 30-minute conversation with Coates, a best-selling author, CNN anchor and senior legal analyst, and a former federal prosecutor.

"Tony Signore has shown how proven and invested he is in ensuring people have access to what they need to become part of and a contributing member of their communities beyond their immediate geographies," said Coates.

In 2018, to honor and commemorate the bicentennial of the birth of Frederick Douglass, Signore funded a scholarship program to support HBCU students and became founder and chairman of the Frederick Douglass Bicentennial Scholarship Program. Signore's knowledge, respect and deep admiration for Douglass was instilled in him in 1982 by the Jesuits at Fordham University.

"To honor one of the most important African American figures in our country's history, we designed and funded the Frederick Douglass Bicentennial Scholarship Program to recognize this historic leader and provide scholarship support to outstanding young women and men attending HBCUs," Signore said. The program is administered and managed by UNCF for a period of 20 years, through 2039. The program awards a total of $20,000 every year to two exceptional HBCU seniors ($10,000 to one female and $10,000 to one male student) who have demonstrated high academic achievement, strong leadership skills, commitment to community service and unmet financial need.

During the SiriusXM interview, Coates asked Signore to elaborate on the reasons he believes HBCUs are unique.

"A little over a decade ago, I started traveling the country with my three kids visiting colleges from coast to coast, meeting with students, faculty and administrators. At the same time, as part of my alliance with historically Black colleges and universities, I spent quality time on HBCU campuses in Louisiana, Washington, DC, South Carolina, Mississippi among others, and it's very clear to me that there's something different going on at HBCUs," said Signore. "The love, care and the engagement in community is like none other. And it's not just that—it's the quality of the education and the success students have achieved from their comprehensive HBCU experience that is remarkable. And it's important to note that one of the critical pillars of UNCF is giving back and helping students holistically. UNCF is one of the most influential and tireless advocates of community engagement, which is critical," said Signore.

Separate from his family's personal commitment, under Signore's leadership position at Taylor, a global marketing communications firm, students attending HBCUs have been provided with professional experience for 16 consecutive years. As CEO and managing partner, Signore established a formal, paid internship program in 2006 with the guidance of Dr. Rochelle Ford, who at that time was affiliated with Howard University.

> **"I was very proud of the manner in which my Taylor colleagues came together to honor the HBCU Class of 2020," said Signore, who agreed to help grow support for UNCF as an influential member of its New York Leadership Council.**

Taylor has also partnered with UNCF on several educational initiatives and supports the organization's annual fundraising events. For example, in 2020, the firm recognized the challenges that many HBCU graduates were faced with during the peak of the pandemic and collaborated with UNCF to create the Taylor Loan Forgiveness Grant Program for the HBCU Class of 2020. With this specific program alone, Taylor donated $61,000 in loan forgiveness grants.

"Over the past 15 years, I've had the honor and privilege of collaborating with UNCF and HBCUs nationwide, and with administrative leaders, faculty and most of all, the students. With each and every engagement, I come away filled with great pride, encouragement and inspiration."

At the conclusion of her interview with Signore, Coates closed with the following comments:

"Democracy is not a spectator sport, and neither is humanity. You have to get involved and do what you can to be the change you want to see in the world. You have translated that through this specific scholarship fund amongst so many other things you've done. Tony Signore is the real deal," Coates noted.

UNCF is proud to have tremendous friends like Tony and the Signore Family, who provide their time, talent, treasure and voice for the betterment of HBCUs and students of color.

Tony Signore joins the first recipient of Signore's funded scholarship program, the Frederick Douglass Bicentennial Scholarship, at Xavier University of Louisiana (XULA) for the inaugural presentation of the scholarship.
(FROM LEFT) Donors Tony Signore and Elizabeth Signore; scholarship recipient Sydney Green; Frederick Douglass descendant Nettie Washington Douglass; XULA President Dr. Reynold Verret; and UNCF Development Director Warren Williams.

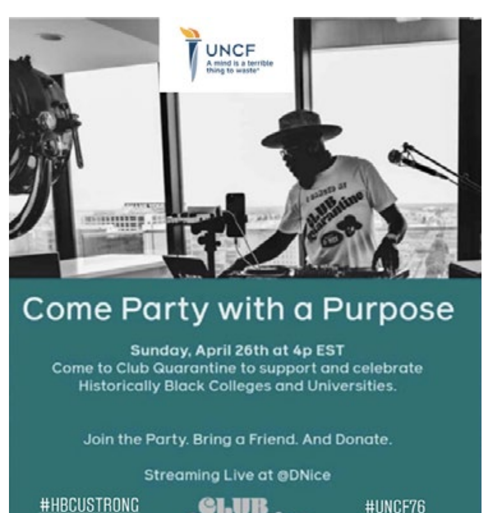
UNCF, DJ D-Nice Partying with a Purpose

COVID-19

As the COVID-19 pandemic sent billions around the world scrambling into quarantine, D-Nice emerged. The *Los Angeles Times* described the celebrity DJ "as perhaps the hottest name in pop culture, a majordomo of a music universe that is reconstituting itself online in performances livestreamed on social media platforms."

In 2021, D-Nice brought his buoyant mix of disco, funk, soul and hip-hop to help UNCF raise funds to support students attending UNCF's 37 member colleges and universities. Within four hours of D-Nice spinning music from his famed "Club Quarantine," UNCF raised $225,000.

We are grateful to D-Nice for sharing his musical genius to help make a difference for our future doctors, nurses, scientists, pharmacists and all the other frontline professionals who are protecting us today.



Within four hours of D-Nice spinning music from his famed "Club Quarantine," UNCF raised $225,000.

United Negro College Fund, Inc.
Financial Statements
March 31, 2021 and 2020

(With Independent Auditors' Report Thereon)

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the United Negro College Fund, Inc. (the Organization, which comprise the statement of financial position as of March 31, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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

Auditors' Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the United Negro College Fund, Inc. as of March 31, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with U.S. generally accepted accounting principles.

Emphasis of Matter
As discussed in note 2 to the financial statements, the Organization adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2014-09, Revenue from Contracts with Customers (Topic 606) and 2018-08, Not-for-Profit Entities (Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made, during the year ended March 31, 2021. Our opinion is not modified with respect to this matter.

Report on Summarized Comparative Information
We have previously audited the United Negro College Fund, Inc.'s 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated August 6, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended March 31, 2020 is consistent, in all material respects, with the audited financial statements from which it has been derived.

KPMG LLP

McLean, Virginia
August 24, 2021

STATEMENTS OF FINANCIAL POSITION

March 31, 2021 and 2020

		2021	2022
ASSETS			
Cash and cash equivalents (notes 2b and 4)	$	82,286,308	23,685,359
Short-term investments (notes 5 and 9)		14,581,727	14,083,802
GMSP short-term investments (notes 5 and 9)		71,648,593	64,131,704
Receivable for unsettled investment trades (note 8)		6,750	5,766
Pledges receivable, net (note 6)		75,203,628	37,473,029
Accrued investment income		962,360	1,203,489
Long term investments (notes 7 and 9)		221,234,381	154,022,441
GMSP long term investments (notes 8 and 9)		156,337,893	205,932,255
Property and equipment, net (note 10)		24,629,010	25,377,576
Collections acquired (note 11)		1,414,250	1,414,250
Other assets		5,120,502	4,992,441
Total Assets	**$**	**653,425,402**	**532,322,112**
LIABILITIES AND NET ASSETS			
Liabilities			
Accounts payable and accrued expenses	$	5,709,164	4,424,644
Accrued wages, vacation, and other related expenses		3,485,798	2,398,847
Accrued distribution to member institutions		10,088,759	5,450,254
Accrued return of funds to the Gates Foundation (note 12)		34,000,000	13,000,000
Deferred revenue		11,527,948	431,124
Line of credit (note 13)		—	—
Bonds payable (note 14)		26,255,274	27,159,022
Total Liabilities		91,066,943	52,863,891
Net Assets (note 16)			
Without donor restrictions:			
Undesignated Undesignated		19,589,416	1,343,562
Board designated – disaster recovery (note 21)		13,400,000	—
Board designated – member distribution reserve (note 21)		4,800,000	—
Total without donor restrictions		37,789,416	1,343,562
With donor restrictions (note 15)		524,569,043	478,114,659
Total Net Assets		562,358,459	479,458,221
Commitments and Contingencies (note 20)		—	—
Total Liabilities and Net Assets	**$**	**653,425,402**	**532,322,112**

See accompanying notes to financial statements.

STATEMENTS OF ACTIVITIES

Year ended March 31, 2021

(with summarized financial information for fiscal year 2020)

		Without Donor Restrictions	With Donor Restrictions	2021 Total	2022 Total
REVENUE, GAINS AND OTHER SUPPORT					
Support					
Contributions for grants and scholarships	$	—	142,681,375	142,681,375	39,253,651
Contributions and gifts (notes 2 and 18)		66,437,017	52,188	66,489,205	30,827,507
Bequests and legacies		6,454,795	142,245	6,597,040	10,254,426
Gifts-in-kind and donated services (note 17)		—	952,787	952,787	1,077,732
Total Support		72,891,812	143,828,595	216,720,407	81,413,316
Investment Income					
Interest and dividends		153,610	4,299,050	4,452,660	8,013,190
Amortization of investment premium and discount		(69,616)	107,759	38,143	1,876,228
Realized gains/(losses)		423,168	2,093,004	2,516,172	(206,674)
Unrealized gains/(losses)		4,907,071	28,507,376	33,414,447	(9,602,835)
Total Investment Income		5,414,233	35,007,189	40,421,422	79,909
Net Assets Released from Restrictions (note 15)		132,381,400	(132,381,400)	—	—
Total Revenue, Gains and Other Support	**$**	**210,687,445**	**46,454,384**	**257,141,829**	**81,493,225**
EXPENSES					
Program Services					
GMSP		77,500,786	—	77,500,786	79,899,214
Scholarships and special projects		53,845,193	—	53,845,193	43,606,270
Distributions to member institutions		19,564,294	—	19,564,294	13,389,193
Institutional services		2,130,021	—	2,130,021	1,827,415
Other program services		1,035,421	—	1,035,421	1,208,666
Total Program Services		154,075,715	—	154,075,715	139,930,758
Supporting Services					
Management and General		7,004,189	—	7,004,189	6,897,818
Fundraising		13,161,687	—	13,161,687	13,462,823
Total Supporting Services		20,165,876	—	20,165,876	20,360,641
Total Expenses		**174,241,59**	**—**	**174,241,591**	**160,291,399**
CHANGE IN NET ASSETS		36,445,854	46,454,384	82,900,238	(78,798,174)
Net Assets, Beginning of Year		1,343,562	478,114,659	479,458,221	558,256,395
Net Assets, End of Year	**$**	**37,789,416**	**524,569,043**	**562,358,459**	**479,458,221**

See accompanying notes to financial statements.

STATEMENTS OF FUNCTIONAL EXPENSES

Year ended March 31, 2021
(with summarized financial information for 2020)

		PROGRAM SERVICES – ASSISTANCE TO MEMBER AND NONMEMBER INSTITUTIONS					
		GMSP	Scholarships and Special Projects	Distribution to Member Institutions	Institutional Program Services	Other Program Services	Total Proram Services
DISTRIBUTIONS							
Capital and operational support	$	—	—	19,564,294	—	—	19,564,294
Grants and scholarships		48,277,929	31,348,332	—	—	35,000	79,661,261
Total distributions		48,277,929	31,348,332	19,564,2947	—	35,000	99,225,555
EXPENSES BEFORE DEPRECIATION, AMORTIZATION, AND BAD DEPTS							
Salaries and wages		1,379,731	4,511,117	—	1,410,120	440,529	7,741,497
Employee benefits		380,803	1,258,195	—	329,818	102,172	2,070,988
Advertisements and promotions		525	64,558	—	7,278	5,951	78,312
Professional and consulting fees		299,883	8,963,621	—	162,181	200,209	9,625,894
Information technology support		528,122	792,144	—	(443,262)	55,773	932,777
Office supplies and other expenses		42,462	159,563	—	71,135	18,029	291,189
Telephone		7,752	12,455	—	8,543	182	28,932
Postage and shipping		386	8,315	—	442	42	9,185
Occupancy		274,840	608,578	—	185,971	101,206	1,170,595
Printing and publications		51,116	142,684	—	1,794	6,772	202,366
Travel		5,959	1,962	—	549	589	9,059
Meetings		68,986	109,874	—	—	4,676	183,536
Equipment rental and maintenance		2,248	10,742	—	2,238	—	15,228
Interest expense		—	—	—	—	—	—
Indirect cost recovery		180,044	3,184,401	—	—	64,291	3,428,736
Total expenses before depreciation, amortization, and bad debts		51,500,786	51,176,541	19,564,294	1,736,807	1,035,421	125,013,849
Accrued return of funds to the Gates Foundation		26,000,000	—	—	—	—	26,000,000
Depreciation and amortization expense		—	—	—	325,487	—	325,487
Bad debt expense		—	2,668,652	—	67,727	—	2,736,379
Total Expenses	**$**	**77,500,786**	**53,845,193**	**19,564,294**	**2,130,021**	**1,035,421**	**154,075,715**

		SUPPORTING SERVICES			TOTAL PROGRAM SERVICE AND SUPPORTING SERVICE EXPENSES	
		Management and General	Fundraising	Total Supporting Services	2021	2020
DISTRIBUTIONS						
Capital and operational support	$	—	—	—	19,564,294	13,389,193
Grants and scholarships		—	—	—	79,661,261	89,989,043
Total distributions		—	—	—	99,225,555	103,378,236
EXPENSES BEFORE DEPRECIATION, AMORTIZATION, AND BAD DEPTS						
Salaries and wages		6,297,250	5,102,886	11,400,136	19,141,633	16,456,631
Employee benefits		1,307,833	1,323,521	2,631,354	4,702,342	4,227,712
Advertisements and promotions		6,873	113,296	120,169	198,481	225,895
Professional and consulting fees		2,358,810	883,708	3,242,518	12,868,412	6,898,271
Information technology support		(1,358,621)	425,844	(932,777)	—	—
Office supplies and other expenses		109,422	658,237	767,659	1,058,848	1,137,936
Telephone		359,173	13,875	373,048	401,980	537,422
Postage and shipping		28,917	1,293,108	1,322,025	1,331,210	1,342,556
Occupancy		(555,285)	843,666	288,381	1,458,976	1,664,308
Printing and publications		18,954	2,398,460	2,417,414	2,619,780	2,535,382
Travel		4,886	13,857	18,743	27,802	2,775,859
Meetings		13,886	17,972	31,858	215,394	2,241,479
Equipment rental and maintenance		78,788	67,257	146,045	161,273	392,457
Interest expense		1,010,702	—	1,010,702	1,010,702	1,060,061
Indirect cost recovery		(3,428,736)	—	(3,428,736)	—	—
Total expenses before depreciation, amortization, and bad debts		6,252,852	13,155,687	19,408,539	144,422,388	144,874,205
Accrued return of funds to the Gates Foundation		—	—	—	26,000,000	13,000,000
Depreciation and amortization expense		751,337	—	751,337	1,076,8247	1,167,705
Bad debt expense		—	2,668,652	6,000	2,742,379	1,249,489
Total Expenses	**$**	**7,004,189**	**13,161,687**	**20,165,876**	**174,241,591**	**160,291,399**

STATEMENTS OF CASH FLOWS

Years Ended March 31, 2021 and 2020

		2021	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Change in net assets	$	82,900,238	(78,798,174)
Adjustments to reconcile change in net assets to net cash used in operating activities:			
Realized losses (gains) on investments		(2,516,173)	206,674
Unrealized losses (gains) on investments		(33,414,447)	9,602,835
Amortization of investment premium and discount		(38,143)	(1,876,228)
Bad debt expense		2,742,379	1,249,489
Depreciation and amortization		1,076,824	1,167,705
Contributions restricted for investment in endowment funds		(7,788,628)	(1,386,192)
(Increase) decrease in assets:			
Pledges receivable		(37,730,599)	(1,703,435)
Provision for uncollectible		(2,742,379)	—
Accrued investment income		241,129	307,359
Other assets		(458,289)	(316,067)
Increase (decrease) in liabilities:			
Accounts payable and accrued expenses		1,284,520	(1,491,450)
Accrued wages, vacation, and other related personnel expenses		1,086,951	(552,569)
Accrued return of funds to the Gates Foundation		21,000,000	13,000,000
Deferred revenue		11,096,824	—
Accrued distributions to member institutions		4,638,505	(2,201,406)
Net cash provided by (used in) operating activities		41,378,712	(62,791,459)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchases of investments		(331,199,573)	(2,417,951,391)
Proceeds from sales of investments		341,536,930	2,493,760,519
Purchase of property and equipment		—	(12,979)
Net cash provided by investing activities		10,337,357	75,796,149
CASH FLOWS FROM FINANCING ACTIVITIES:			
Repayments of note payable		—	(889,620)
Repayments of bonds payable		(903,748)	(873,748)
Contributions restricted for investment in endowment funds		7,788,628	1,386,192
Net cash provided by (used in) financing activities		6,884,880	(377,176)
Increase in cash and cash equivalents		58,600,949	12,627,514
Cash and cash equivalents, beginning of year		23,685,359	11,057,845
Cash and cash equivalents, end of year	**$**	**82,286,308**	**23,685,359**
Cash paid for interest	$	1,010,702	1,060,061

NOTES TO FINANCIAL STATEMENTS

March 31, 2021 and 2020

(1) ORGANIZATION

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

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

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

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Accounting

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

(b) Cash Equivalents

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

(c) Investments

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

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

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

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

(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, 2021 and 2020, 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, 2021 and 2020 amounted to $328,258 and $333,799, respectively.

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

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

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

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

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, 2021 and 2020.

(l) 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 polices 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, deigned to deliver superior risk adjusted returns in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). UNCF targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk parameters.

UNCF's fiscal policy governs the use of resources in the various endowed funds for program expenses and administrative costs. Endowment funds are used for the specified purposes, or over the specified time period, designated by the donors. The amount of endowment funds available for use is based on the realized and unrealized cumulative investment income gains and losses in excess of the respective endowment's principal balance multiplied by 5% of the average 3-year market value. These funds are used, with respect to any endowment restrictions, to support new initiatives or new one-time or short-term (2–3 years) activities, subject to the submission of a business plan that has been reviewed and endorsed by executive management and approved by UNCF's Board of Directors. Once approval 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 $11,527,948 and $431,124 as of the year ended March 31, 2021 and 2020.

(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.

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

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

(r) Financial Instruments and Credit Risk
Financial instruments which potentially subject UNCF to concentrations of credit risk consist principally of investments, pledges receivable, and certain revenue sources. UNCF places its investments at creditworthy financial institutions. By policy, these investments are kept within authorized limits designed to prevent risks caused by concentration. Credit risk with respect to pledges receivable is generally limited, except as follows, because UNCF deals with a large number of donors and has maintained long-term relationships with these donors. Approximately 41% of pledges receivable for fiscal years ended March 31, 2021, were from four major donors.

As of March 31, 2021, UNCF had no other significant concentration of credit risk, except as described in note 4.

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

(t) Recent Accounting Pronouncements
In May 2014, the FASB issued ASU 2014-09, Revenue from Contracts with Customers (Topic 606). ASU 2014-09 requires an entity to recognize revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration (that is, payment) to which the entity expects to be entitled in exchange for those goods or services. Five key steps will be required to assess revenue recognition along with enhanced disclosures. Effective April 1, 2020, UNCF adopted ASU 2014-19 on a modified prospective basis. Analysis of various provisions of this standard resulted in no significant changes in the way UNCF recognizes revenue, therefore, the adoption of ASU 2014-09, as amended, did not have a material impact on the recognition of revenue from contract with customers.

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 the organization.

(u) Summarized Financial Information for 2020
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, 2020, 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, 2021 and 2020 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 Depository Insurance Corporation Act (FDICA) and the Securities Investor Protection Corporation (SIPC), respectively. Amounts held in excess of the FDICA limits were $80,967,985 and $22,303,249 on March 31, 2021, and 2020, respectively. Amounts held in excess of the SIPC limits were $80,141,002 and $21,475,668 on March 31, 2021, and 2020, 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.

(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:

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

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

(6) PLEDGES RECEIVABLE

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

		2021	2020
Unconditional pledges receivable before unamortized discount and allowance for uncollectible amounts	$	78,171,632	38,552,990
Less:			
Unamortized discount		(454,155)	(298,028)
Allowance for uncollectible amounts		(2,513,849)	(781,933)
Total short-term investments	**$**	**75,203,628**	**37,473,029**

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 2.73%. The discount will be recognized as contributions and gifts revenue in fiscal years 2021 through 2030, as the discount is amortized using an effective yield over the duration of the contributions.

The expected future cash receipts for UNCF are as follows:

		2021	2020
Amounts due in:			
Less than one year	$	40,267,534	23,214,750
One to five years		37,904,098)	15,338,240
Pledges receivable before discount and allowance	**$**	**78,171,6328**	**38,552,990**

(7) LONG-TERM INVESTMENTS

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

		2021	2020
Fixed income	$	9,991,827	10,568,456
U.S. and global equities		65,602,003	55,272,355
Cash equivalents		15,201,156	2,626,490
Hedge funds		22,646,212	19,943,719
Designated fixed income		63,034,895	30,622,882
Private equities		44,758,288	34,988,539
Total short-term investments	**$**	**221,234,381**	**154,022,441**

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, 2021 and 2020 was $28,919,972 and $26,802,411, respectively.

(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:

		2021	2020
U.S. government securities	$	48,261,998	81,486,210
Commercial mortgage-backed securities		530,458	596,010
Asset-backed securities		131,973	183,358
Corporate debt securities		89,158,118	113,569,264
Cash equivalents		18,255,346	10,097,413
Total investments held for long-term purposes		156,337,893	205,932,255
Receivable for unsettled investment trades		6,750	5,766
Total GMSP investments held for long-term purposes - net of receivables	**$**	**156,344,643**	**205,938,021**

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 $6,750 and $5,766 receivable for unsettled trades at March 31, 2021 and March 31, 2020, respectively. These investment receivables are reported separately in the accompanying statements of financial position.

(9) FAIR VALUE MEASUREMENTS

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

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

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

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

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

Level 3 Inputs: Valuation based on inputs that are unobservable for an asset or liability and shall be used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. This input therefore reflects UNCF's, and other independent third parties' if and where available, assumptions about what market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. This classification does not imply a lack of liquidity of the investment. UNCF has a target allocation of approximately 20% nonmarketable alternative investments (private equity). Further, 52% and 45% of the UNCF long-term portfolio has monthly or better liquidity while approximately 22% and 23% of this portfolio has quarterly liquidity via its marketable alternative investments held at March 31, 2021 and 2020, respectively. UNCF carefully monitors these positions as it conducts periodic reviews of both asset allocation and performance.

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

NOTES TO FINANCIAL STATEMENTS March 31, 2021 and 2020

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, 2021 and 2020:

2021		Level 1	Level 2	NAV	Totals
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	—	—	115,201,155
Investments valued using NAV as a practical expedient		—	—	144,527,749	144,527,749
Total	**$**	**76,706,632**	**—**	**144,527,749**	**221,234,381**

2020		Level 1	Level 2	NAV	Totals
Investments:					
U.S. and global equities	$	9,339,759	—	—	9,339,759
Designated fixed income		30,622,882	—	—	30,622,882
Cash equivalents		2,626,490	—	—	2,626,490
Investments valued using NAV as a practical expedient		—	—	111,433,310	111,433,310
Total	**$**	**42,589,131**	**—**	**111,433,310**	**154,022,4412**

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, 2021 and 2020:

2021		Level 1	Level 2	Totals
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	**$**	**155,675,462**	**662,431**	**156,337,893**

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

For both years ended March 31, 2021 and 2020, there were no transfers in and out of Level 3 measurements. The following methods and assumptions were used to estimate the fair value of each class of financial instrument for which it is practicable to estimate that value:

Equities – UNCF's holdings of equity securities refer to both U.S. and Global Equities and thus represent the publicly listed shares on regulated exchanges of various companies or commingled investment funds holding these types of securities. As publicly listed securities, prices and thus valuations are readily available via regular trading between specialists, market makers and multiple principals and agents. Bid and offer quotes are continuously available. The commingled investment funds are valued using net asset value.

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

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

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

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

Investment Derivatives – UNCF's investment managers may employ derivatives in order to manage market risks, arbitrage mispricing of securities, or replicate long or short positions in a cost-effective manner. In no instance are derivatives used to speculate or leverage positions. All derivative investments are carried at fair value and are reported in investments on the statement of financial position. The derivatives are held with two different counterparties and are subject to master netting agreements. The master netting agreements allow UNCF to offset net positions by counterparty and available collateral held. Financial futures contracts have fair value of $(3,535,313) and ($5,686,188) at March 31, 2021 and 2020, respectively. The fair value for these contracts are reported as GMSP long-term investments.

Methodology and Process
UNCF's Management and UNCF's investment advisor, both working in conjunction, (i) performs on-going due diligence on outside managers including, among other things, vetting, monitoring developments 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, 2021:

Investment Type		Fair Value	Redemption Frequency	Redemption Notice Period (Days)
U.S. and global equities	$	57,460,080	Monthly Quarterly	1-180 Days
Hedge funds		22,646,212	Quarterly Monthly Annually	8-95 Days
Fixed income		19,663,169	Daily Annually	10-90 Days
Private equities		44,758,288	NA	NA
Total	**$**	**144,527,749**		

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

Investment Type		Fair Value	Redemption Frequency	Redemption Notice Period (Days)
U.S. and global equities	$	45,932,596	Monthly Quarterly	1-180 Days
Hedge funds		19,943,719	Quarterly Monthly Annually	8-95 Days
Fixed income		10,568,456	Daily Annually	10-90 Days
Private equities		34,988,539	NA	NA
Total	**$**	**111,433,310**		

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, 2021 and 2020. Outstanding funding commitments for nonmarketable alternative investments, based on the terms of the underlying investment agreements, amounted to $12,262,031 and $10,812,046 as of March 31, 2021 and 2020, respectively.

(10) PROPERTY AND EQUIPMENT

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

		2021	2020
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
Total property and equipment		34,036,819	34,036,819
Less accumulated depreciation and amortization		(9,407,809)	(8,659,243)
	$	**24,629,010**	**25,377,576**

Depreciation and amortization expense for the years ended March 31, 2021 and 2020, was approximately $1,076,824 and $1,167,705.

(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, 2021, 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, 2021 and 2020, the plan accepted by the Foundation, anticipates $113,222,743 and $163,777,150 in scholarship expenses and $27,703,922 and $38,283,653 in administrative expenses respectively.

In May of 2019, the original grant agreement between the Foundation and UNCF to administer the GMSP was amended and restated. The revised agreement kept the purpose of the original grant and 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, $6 million in 2024, with any remaining surplus to be paid at the terminus of the program in 2029. As of March 31, 2021, the first installment payments due in September 2020 of $5 million were paid as scheduled, and the remaining $34 million was accrued in the statement of financial position.

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

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

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

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

(13) LINE OF CREDIT

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. 3 of the LOC expired on the maturity date of January 1, 2020. The LOC was reestablished on February 25, 2020 as Amendment No. 4 under the original agreement, with a maturity date of October 31, 2021. There were no borrowings against the line of credit at March 31, 2021 and 2020.

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, 2021, and 2020.

(14) BONDS PAYABLE

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

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

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

(b) Series 2015 Bonds
Investors Bank purchased the Series 2015 Bonds, pursuant to and upon the terms and conditions set forth in the Bond Purchase and Continuing Covenants Agreement as of August 6, 2015 between Investors Bank and UNCF. The Series 2015 Bonds are special obligations of the District of Columbia (the District), the principal of, redemption premium, if any, and interest on which are payable solely from the revenues received under the Loan Agreement for the Series 2015 Bonds between the District and UNCF (Loan Agreement) and, to the extent provided in the Indenture Trust, dated August 1, 2015, between the District and the Trustee, pursuant to which the Series 2015 Bonds are currently issued and outstanding. Actual interest expenses incurred in 2021 amounted to $1,010,702 and is included in the accompanying statements of activities.

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

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

At March 31, 2021, the total amounts outstanding on the Series 2015 Bonds were as follows:

Year Ending March 31		
2022	$	970,000
2023		1,005,000
2024		1,035,000
2025		1,080,000
2026		1,120,000
Thereafter		21,045,274
	$	**26,255,274**

(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, 2021 and 2020.

(d) Deferred Financing Costs
UNCF's bond financing costs for the years ended March 31, 2021 and 2020, such as underwriter fees, legal fees, and other direct costs, amounted to $509,726 and $535,978, respectively, and are included in the accompanying statements of financial position. These costs are being amortized using the straight-line method, which approximates the effective interest method, over the maturity of the respective debt. Amortization expense amounted to $26,252 for the years ended March 31, 2021 and 2020.

(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:

		2021	2020
Scholarships and special projects	$	256,451,960	148,107,524
Perpetual in nature		79,394,539	71,654,149
GMSP		188,722,544	258,352,986
	$	**524,569,043**	**478,114,659**

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

		2021	2020
Scholarships and special projects	$	54,880,614	44,814,936
GMSP		77,500,786	79,899,214
	$	**132,381,400**	**124,714,150**

(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, 2021, are as follows:

		WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS		
		Board Designated	**Purpose Restricted**	**Perpectual in Nature**	**Total**
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		1,312,445	25,674,882	—	26,987,327
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		(229,051)	(4,256,887)	—	(4,485,938)
Net Assets, End of Year	**$**	**5,318,917**	**39,892,650**	**79,394,539**	**124,606,106**

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

		WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS		
		Board Designated	**Purpose Restricted**	**Perpectual in Nature**	**Total**
Net assets, beginning of year	$	4,621,198	25,810,608	70,310,029	100,741,835
Investment Return					
Investment income		7,425	170,688	—	178,113
Net realized and unrealized (loss)		(144,340)	(2,877,272)	—	(3,021,612)
Total Investment Return		(136,915)	(2,706,584)	—	(2,843,499)
Contributions		—	—	1,386,192	1,386,192
Transfers		—	—	(42,072)	(42,072)
Appropriation of endowment income for expenditure		(245,236)	(4,583,963)	—	(4,829,199)
Net Assets, End of Year	**$**	**4,239,047**	**18,520,061**	**71,654,149**	**94,413,257**

(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, 2021, and 2020, the fair value of these specialized services amounted to $952,787 and $1,077,732, respectively.

(18) OTHER FUNDRAISING ACTIVITIES

(a) Special Events
UNCF raised $12,315,926 and $15,527,835 in contributions from special fund-raising events and incurred related direct expenses of $1,518,862 and $5,160,361 in fiscal years 2021 and 2020, 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 $18,659,994 and $7,752,340 in contributions through its direct mail campaigns and incurred related direct expenses of $3,735,647 and $3,625,527 in fiscal years 2021 and 2020, respectively.

(19) RETIREMENT PLANS

All full-time and part-time employees are eligible to participate in the retirement plan on the first day of employment. After completing one year of service, employees are eligible to receive employer contributions into the retirement plan. The plan consists of participant voluntary and contributory tax-deferred annuity plans through 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 $2,128,524 and $1,665,068 as of March 31, 2021, and 2020, respectively, and these are included within other assets in the accompanying statements of financial position. The liabilities associated with these agreements amounted to $635,734 and $945,734 as of March 31, 2021, and 2020, 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 $631,474 and $753,298 for 2021 and 2020, respectively.

(20) COMMITMENTS AND CONTINGENCIES

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

At March 31, 2021, 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:

Year Ending March 31		Rental Commitment	Rental Income	Net Minimum Annual Rental
2022	$	552,465	73,020	479,445
2023		283,749	43,330	240,419
2024		158,413	—	158,413
2025		8,965	—	8,965
Total	**$**	**1,003,592**	**116,350**	**887,242**

Rent expense under these leases amounted to $1,357,241 and $1,565,541 for the years ended March 31, 2021 and 2020, respectively.

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

(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:

		March 31 2021	March 31 2020
Cash and cash equivalents	$	82,286,308	23,685,359
Short-term investments		86,230,321	78,215,509
Long-term investments		377,572,274	359,919,176
Accrued investment income		969,110	1,244,775
Receivables, net		75,203,628	37,473,029
Assets held for supplemental employee benefits, net		1,057,455	441,073
Assets held for partner organizations, net		581,166	462,031
Total financial assets, end of year		623,900,262	501,440,952
Less those unavailable for general expenditure within one year, due to:			
Time restricted pledges due in greater than one year		(37,904,098)	(15,338,240)
Perpetual and term endowments and accumulated earnings, net		(119,287,189)	(90,174,209)
Purpose restricted grants, net		(353,351,589)	(371,989,855)
Unfunded capital commitments		(12,262,031)	(10,812,046)
Distribution commitments to UNCF member institutions		(10,088,759)	(5,450,254)
Disaster recovery reserve		(13,400,000)	—
Member distribution reserve		(4,800,000)	—
Return of funds to the Gates Foundation		(34,000,000)	—
Total financial assets unavailable for general expenditures within one year		(585,093,666)	(493,764,604)
Total financial assets available for general expenditures within one year	**$**	**38,806,596**	**7,676,348**

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.

As part of the liquidity management plan, the governing Board designated $13.4 million and $4.8M of the fiscal year 2021 operating surplus to disaster recovery reserve and member distribution reserve, respectively. 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 events outside of the typical life cycle of converting financial assets to cash or settling financial liabilities. UNCF's target for operating reserve is a total of $40M, which was determined based on management's judgement 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 asset without restriction on the statements of financial position.

Additionally, UNCF maintains a $4M line of credit, as discussed in more detail in Note (13). As of March 31, 2021, $4 million remained available on the UNCF's line of credit.

(22) RELATED PARTIES

UNCF receives contributions from donor organizations that have representatives on UNCF's Board of Directors and from Board members themselves. UNCF received $7,412,134 and $3,607,348 in contributions from such related parties during the years ended March 31, 2021, and 2020, respectively. The contributions receivable from these related parties were $14,377,496 and $454,216 as of March 31, 2021, and 2020, 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 total revenues earned under this agreement for the fiscal year ended March 31, 2021, was $68,999.

(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, 2021 and 2020.

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 have an effect on the ability of donors to fulfill their pledges on a timely basis. Management has reviewed its contributions and gifts outstanding at March 31, 2021 and does not believe that the effects of the market conditions will have a material effect on the financial position of UNCF.

Management's Evaluation

In accordance with FASB ASC Topic 855, Subsequent Events, management has evaluated any events or transactions occurring after March 31, 2021, the statement of financial position date, through August 24, 2021, 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, 2021.

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