

**UNITED WAY OF ALAMANCE COUNTY, INC**

Burlington, North Carolina

**FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION**

Fiscal Year Ended June 30, 2018  
With Comparative Totals for June 30, 2017

**UNITED WAY OF ALAMANCE COUNTY, INC.**

**TABLE OF CONTENTS**

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT .....	2-3
FINANCIAL STATEMENTS:	
Statements of Financial Position.....	4
Statements of Activities .....	5
Statements of Functional Expenses .....	6
Statements of Cash Flows.....	7
Notes to Financial Statements.....	8-15
SUPPLEMENTARY INFORMATION:	
Schedule of Allocations and Designations .....	16



**STOUT  
STUART  
MCGOWEN  
& KING LLP**

*Certified  
Public  
Accountants*

*Advisors to  
Management*

*Member of PCPS,  
the AICPA Alliance  
For CPA Firms*

*Mailing Address:  
P.O. Box 1440  
Burlington, NC 27216-1440*

*Street Address:  
1233 South Church Street  
Burlington, NC 27215*

*336-226-7343  
fax 336-229-4204  
www.ssmkllp.com  
e-mail: ssmk@ssmkllp.com*

**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
United Way of Alamance County, Inc.  
Burlington, North Carolina

We have audited the accompanying financial statements of United Way of Alamance County, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2018, 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 accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

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

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

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

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Way of Alamance County, Inc. as of June 30, 2018 and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

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

### ***Report on Summarized Comparative Information***

We have previously audited the United Way of Alamance County, Inc. June 30, 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 15, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

STOUT STUART M'GOWEN & KINGS LLP

Burlington, North Carolina  
October 10, 2018

## UNITED WAY OF ALAMANCE COUNTY, INC.

## STATEMENTS OF FINANCIAL POSITION

June 30, 2018 with Comparative Totals for June 30, 2017

	<u>2018</u>	<u>2017</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$ 39,670	\$ 308,054
Cash and cash equivalents - restricted	69,861	136,356
Accounts receivable	607	3,717
Sales tax receivable	12,410	2,852
Pledges receivable (net)	452,626	385,745
Prepaid assets	800	3,775
Property and equipment (net)	568,389	112,100
Endowment - general	176,147	272,068
Endowment - facilities	122,009	525,179
Beneficial interest in perpetual trust	224,788	217,329
	<u>\$ 1,667,307</u>	<u>\$ 1,967,175</u>
<u>LIABILITIES AND NET ASSETS</u>		
Liabilities:		
Short-term debt	\$ 40,000	\$ -
Accounts payable	20,288	19,407
Payroll deductions and accruals	2,237	1,515
Designations payable	122,548	97,107
Funds held for others	69,861	136,356
	<u>254,934</u>	<u>254,385</u>
Total Liabilities		
Net Assets:		
Unrestricted:		
Undesignated	427,281	227,874
Board designated	298,156	797,247
Temporarily restricted	462,149	470,341
Permanently restricted	224,787	217,328
	<u>1,412,373</u>	<u>1,712,790</u>
Total Net Assets	<u>\$ 1,667,307</u>	<u>\$ 1,967,175</u>

See accompanying notes and independent auditors' report.

## UNITED WAY OF ALAMANCE COUNTY, INC.

## STATEMENTS OF ACTIVITIES

Fiscal Year Ended June 30, 2018 with Comparative Totals for June 30, 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total 2018	Total 2017
<b>Revenue and Support:</b>					
Gross campaign results	\$ -	\$ 1,106,591	\$ -	\$ 1,106,591	\$ 1,140,766
Less: Donor designations	-	130,379	-	130,379	196,529
Less: Provision for uncollectible	-	20,228	-	20,228	18,176
Less: Roll off of 3rd prior year	-	(10,027)	-	(10,027)	(15,570)
<b>Net Campaign Revenue</b>	<b>-</b>	<b>966,011</b>	<b>-</b>	<b>966,011</b>	<b>941,631</b>
<b>Other revenue</b>					
Service revenue	-	4,409	-	4,409	7,480
Dividend & interest income	6,545	-	-	6,545	15,353
Realized & unrealized gains	18,468	-	7,459	25,927	105,060
Other revenue	9,443	-	-	9,443	8,537
Grants received	-	92,462	-	92,462	84,350
Special events revenue	58,740	-	-	58,740	29,627
Costs of special events	(23,789)	-	-	(23,789)	(17,237)
In-kind contributions	15,245	-	-	15,245	18,294
Net assets released from restrictions	1,071,074	(1,071,074)	-	-	-
<b>Total Other Revenue</b>	<b>1,155,726</b>	<b>(974,203)</b>	<b>7,459</b>	<b>188,982</b>	<b>251,464</b>
<b>Total Revenue and Support</b>	<b>1,155,726</b>	<b>(8,192)</b>	<b>7,459</b>	<b>1,154,993</b>	<b>1,193,095</b>
<b>Expenses:</b>					
<b>Program services:</b>					
Gross agency disbursements	1,045,703	-	-	1,045,703	1,089,306
Less: Donor designated amounts	279,453	-	-	279,453	364,028
Net allocation services	766,250	-	-	766,250	725,278
Community services	308,060	-	-	308,060	328,851
<b>Total Program Services</b>	<b>1,074,310</b>	<b>-</b>	<b>-</b>	<b>1,074,310</b>	<b>1,054,129</b>
<b>Support services:</b>					
Management & general	141,426	-	-	141,426	140,714
Fundraising	239,674	-	-	239,674	233,732
<b>Total Support Services</b>	<b>381,100</b>	<b>-</b>	<b>-</b>	<b>381,100</b>	<b>374,446</b>
<b>Total Expenses</b>	<b>1,455,410</b>	<b>-</b>	<b>-</b>	<b>1,455,410</b>	<b>1,428,575</b>
<b>Change in Net Assets</b>	<b>(299,684)</b>	<b>(8,192)</b>	<b>7,459</b>	<b>(300,417)</b>	<b>(235,480)</b>
<b>Net Assets, Beginning of Year</b>	<b>1,025,121</b>	<b>470,341</b>	<b>217,328</b>	<b>1,712,790</b>	<b>1,948,270</b>
<b>Net Assets, End of Year</b>	<b>\$ 725,437</b>	<b>\$ 462,149</b>	<b>\$ 224,787</b>	<b>\$ 1,412,373</b>	<b>\$ 1,712,790</b>

See accompanying notes and independent auditor's report.

## UNITED WAY OF ALAMANCE COUNTY, INC.

## STATEMENTS OF FUNCTIONAL EXPENSES

Fiscal Year Ended June 30, 2018 with Comparative Totals for June 30, 2017

	Program Services			Supporting Services			Total 2018	Total 2017
	Allocation Services	Community Services	Total	Management and General	Fundraising	Total		
Allocations / Awards	\$ 1,045,703	\$ -	\$ 1,045,703	\$ -	\$ -	\$ -	\$ 1,045,703	\$ 1,089,306
2-1-1	-	12,463	12,463	-	-	-	12,463	10,906
Less: Donor designations	279,453	-	279,453	-	-	-	279,453	364,028
Subtotal	<u>766,250</u>	<u>12,463</u>	<u>778,713</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>778,713</u>	<u>736,184</u>
Salaries	-	147,433	147,433	72,079	108,118	180,197	327,630	307,249
Payroll taxes	-	10,661	10,661	5,212	7,818	13,030	23,691	22,242
Employee benefits	-	34,234	34,234	16,737	25,105	41,842	76,076	61,654
Subtotal	<u>-</u>	<u>192,328</u>	<u>192,328</u>	<u>94,028</u>	<u>141,041</u>	<u>235,069</u>	<u>427,397</u>	<u>391,145</u>
Bank and credit card fees	-	1,214	1,214	593	890	1,483	2,697	4,151
Campaign expenses	-	-	-	-	37,240	37,240	37,240	37,882
Computer equipment and support	-	7,099	7,099	3,471	5,206	8,677	15,776	15,967
Community Impact	-	19,553	19,553	-	-	-	19,553	50,882
Conferences, meetings and luncheons	-	3,098	3,098	1,514	2,272	3,786	6,884	5,109
Depreciation	-	11,496	11,496	5,620	8,431	14,051	25,547	7,744
Insurance	-	-	-	1,738	-	1,738	1,738	-
Investment fees	-	-	-	4,732	-	4,732	4,732	10,149
Marketing and development	-	24,293	24,293	11,877	17,815	29,692	53,985	47,878
Office supplies and postage	-	3,741	3,741	1,829	2,743	4,572	8,313	10,193
Other employee expenses	-	3,121	3,121	1,526	2,289	3,815	6,936	18,745
Pledge processing	-	-	-	-	-	-	-	9,200
Professional fees	-	11,211	11,211	5,481	8,222	13,703	24,914	21,356
Repairs and maintenance	-	3,529	3,529	1,726	2,588	4,314	7,843	11,360
Strategic planning	-	-	-	-	-	-	-	19,000
United Way dues	-	7,321	7,321	3,579	5,369	8,948	16,269	17,419
Utilities	-	7,593	7,593	3,712	5,568	9,280	16,873	14,211
Subtotal	<u>-</u>	<u>103,269</u>	<u>103,269</u>	<u>47,398</u>	<u>98,633</u>	<u>146,031</u>	<u>249,300</u>	<u>301,246</u>
Functional Expenses	<u>\$ 766,250</u>	<u>\$ 308,060</u>	<u>\$ 1,074,310</u>	<u>\$ 141,426</u>	<u>\$ 239,674</u>	<u>\$ 381,100</u>	<u>\$ 1,455,410</u>	<u>\$ 1,428,575</u>

See accompanying notes and independent auditors' report.

## UNITED WAY OF ALAMANCE COUNTY, INC.

## STATEMENTS OF CASH FLOWS

Fiscal Year Ended June 30, 2018 with Comparative Totals for June 30, 2017

	<u>2018</u>	<u>2017</u>
Cash Flows from Operating Activities:		
Change in net assets	\$ (300,417)	\$ (235,480)
Adjustments to Reconcile Change in Net Assets to Net Cash Used by Operating Activities:		
Depreciation	25,547	7,744
Loss on sale of fixed assets	11,671	-
Realized and unrealized gains	(44,602)	(112,237)
(Increase) decrease in:		
Accounts receivable	3,110	(80)
Sales tax receivable	(9,558)	(1,780)
Pledges receivable (net)	(66,881)	31,948
Prepaid assets	2,975	(1,408)
Increase (decrease) in:		
Accounts payable	882	12,813
Payroll deductions and accruals	722	1,515
Designations	25,441	24,361
Net Cash Used by Operating Activities	<u>(351,110)</u>	<u>(272,604)</u>
Cash Flows from Investing Activities:		
Net endowment earnings	36,234	33,258
Withdrawals from endowments	500,000	-
Proceeds from maturity of certificates of deposits	-	196,705
Investment in certificates of deposit	-	(115)
Proceeds from sale of property and equipment	93,800	-
Purchases of property and equipment	<u>(587,308)</u>	<u>(947)</u>
Net Cash Provided by Investing Activities	<u>42,726</u>	<u>228,901</u>
Cash Flows Used by Financing Activities:		
Proceeds from short-term debt	40,000	-
Decrease in restricted funds held for others	<u>(66,495)</u>	<u>(45,785)</u>
Net Cash Used by Financing Activities	<u>(26,495)</u>	<u>(45,785)</u>
Net Decrease in Cash	\$ (334,879)	\$ (89,488)
Cash and cash equivalents, Beginning of Year	<u>444,410</u>	<u>533,898</u>
Cash and cash equivalents, End of Year	<u>\$ 109,531</u>	<u>\$ 444,410</u>
Supplemental Disclosures:		
Cash payments for interest	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes and independent auditors' report.



**UNITED WAY OF ALAMANCE COUNTY, INC.**

## Notes to Financial Statements

**NOTE A: Organization and Purpose:**

The mission of the United Way of Alamance County is to mobilize the caring power of our community to advance the common good. To do this, we will lead collective action around bold goals in education, financial stability, and health. More specifically, we will LIVE UNITED by convening partners around shared community goals; aligning community giving, advocating, and volunteering to achieve the goals and supporting strategic work that advances the goals.

**NOTE B: Summary of Significant Accounting Policies:****1) Basis of Presentation:**

The financial statements of the Organization have been prepared on the accrual basis of accounting. The accrual basis of accounting recognizes revenues in the accounting period in which the revenues are earned regardless of when cash is received and recognizes expenses in the accounting period in which expenses are incurred regardless of when cash is disbursed.

**2) Financial Statement Presentation:**

The Organization has presented the financial statements in accordance with generally accepted accounting principles for not-for-profit organizations. Under this guidance, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, the Organization is required to present a statement of cash flows.

The 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 the Organization's June 30, 2017 financial statements, from which the summarized information was derived.

**3) Use of Estimates:**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and 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.

**UNITED WAY OF ALAMANCE COUNTY, INC.**

## Notes to Financial Statements

## NOTE B: Summary of Significant Accounting Policies: (continued)

## 4) Cash and Cash Equivalents:

For the purpose of cash flows, the Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

## 5) Concentration of Credit Risk:

The Organization maintains its cash in bank deposit amounts at high credit quality financial institutions. The balances, at times, may exceed federally insured credit limits. As of June 30, 2018, no cash deposits exceeded the federally insured limit.

## 6) Contributions:

Under generally accepted accounting principles for not-for-profit organizations, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

## 7) Donated Goods and Services:

Donated marketable securities are recorded as contributions at the estimated fair values at the date of donation.

Donated goods received are reflected at their estimated fair value at the date of receipt. For the years ended June 30, 2018 and 2017, the Organization received \$11,400 and \$8,816, respectively, of in-kind advertising from local media. This is recognized in these financial statements as in-kind contributions and marketing expense. In addition, in-kind contributions include \$3,845 and \$9,478, respectively, for the donation of food, refreshments, and prizes for various campaign and special events held during the year.

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets, or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. The Organization receives a substantial amount of services donated by volunteers in carrying out the Organization's programs. No amounts are reflected in the financial statements for those services since they do not meet the criteria for recognition.

**UNITED WAY OF ALAMANCE COUNTY, INC.**

## Notes to Financial Statements

## NOTE B: Summary of Significant Accounting Policies: (continued)

## 8) Donor Designated Contributions:

United Way of Alamance County, Inc. reports donor designated contributions as agent transactions rather than as unconditional contributions in conformity with generally accepted accounting principles. It states that in most cases, the fundraising organization is an agent when it receives gifts designated for specific beneficiaries. Funds disbursed to nonprofit organizations are listed in the schedule of allocations and designations, broken down by amounts designated by the donor or allocated by the Organization.

## 9) Donated Airtime:

United Way Worldwide manages several relationships that provide for donated airtime to run advertising that promotes the US Network of United Ways' shared mission on nationally broadcast television. United Way Worldwide does not record the value of these relationships, but rather offers guidance to local United Ways regarding their option to record the value. United Way of Alamance County, Inc. has elected not to record the apportioned value of this donated airtime. Were it to be recorded, Revenue and Support and Community Services would each increase by an equal amount. For the year ended June 30, 2018, that amount would be approximately \$9,222.

## 10) Property and Equipment:

The Organization capitalizes all expenditures for property and equipment in excess of \$1,000 and/or with a useful life of 5 years or more. Purchased property and equipment are carried at cost. Donated property and equipment are carried at fair value at the date of the donation. Maintenance, repairs, and minor renewals are expensed as incurred. Property retired or sold and the related accumulated depreciation are removed from the accounts and gain or loss is taken into income.

## 11) Income Tax Status:

United Way of Alamance County, Inc. is exempt from federal income taxes under Internal Revenue Code Section 501(c)(3). The Internal Revenue Service has classified the Corporation as other than a private foundation. Contributions to the Organization qualify for the charitable contribution deduction under Section 170 of the Internal Revenue Code.

## 12) Accounting for Uncertainty in Income Taxes:

The FASB Accounting Standards Codification provides for recognition, measurement, presentation, and disclosure relating to uncertain tax positions. Management is unaware of any uncertain tax positions reflected in these financial statements that require disclosure. Generally the Internal Revenue Service may examine a tax return for three years from the date the return is filed. At June 30, 2018, the tax years ended June 30, 2017, 2016, and 2015 remain open for possible examination by the IRS.

**UNITED WAY OF ALAMANCE COUNTY, INC.**

Notes to Financial Statements

NOTE B: Summary of Significant Accounting Policies: (continued)

13) Expense Allocation:

The costs of providing various programs and activities have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Certain costs have been allocated among the programs and supporting services benefited.

14) Subsequent Events:

In accordance with FASB Accounting Standards Codification (ASC) 855, the Organization evaluated subsequent events through October 10, 2018, the date the financial statements were issued. There were no material subsequent events that required recognition or additional disclosure in these financial statements.

NOTE C: Pledges Receivable:

Unconditional promises to give at June 30, 2018, consist of the following:

Receivables due in less than one year	\$ 515,079
Allowance for uncollectible	<u>(62,453)</u>
Net unconditional promises to give	<u>\$ 452,626</u>

NOTE D: Property and Equipment:

Depreciation of furniture, fixtures, and equipment is computed using the straight-line method of depreciation for assets acquired in 1987 and before and MACRS for assets acquired in 1988 and thereafter. Purchased equipment is recorded at cost. Depreciation expense for the fiscal year ended June 30, 2018 totaled \$25,547.

Property and equipment consisted of the following as of June 30, 2018:

Computer software	\$ 21,518
Furniture and fixtures	93,170
Equipment	6,183
Building and land	<u>495,788</u>
	616,659
Less: Accumulated depreciation	<u>48,270</u>
Property and equipment, net	<u>\$ 568,389</u>

## UNITED WAY OF ALAMANCE COUNTY, INC.

### Notes to Financial Statements

#### NOTE E: Endowment Funds:

The Endowment Policy was established to advance the financial stability of United Way of Alamance County, Inc. and to allow for funds to be raised outside the endowment to go towards addressing human service needs. The Endowment Funds are invested with Alamance Foundation, an affiliate of the Community Foundation of Greater Greensboro. The Community Foundation manages the endowment assets with a focus on long-term growth.

An annual distribution of earnings is to be calculated on the basis of a total return principle as the average fair market value of the fund established annually by the Board, based on the fair market value of the fund for the last day of each of the preceding twelve (12) calendar quarters. No distributions will be made in excess of a percentage equal to the trailing consumer price index as of the end of the immediately preceding calendar quarter plus five percent (5%), except as authorized below.

It is the intent of the Organization to preserve as much of the principal of the fund as possible, while maintaining the flexibility of the Organization to utilize the principal in an extraordinary situation in order to fulfill its mission. Principal is defined as the value of the funds in dollars obtained by contribution to the fund at the time it was made, and as such value is determined in good faith by the Finance Committee. In extraordinary circumstances, the full Board of Directors, upon recommendation from the Finance Committee or Executive Committee, may approve distribution to the Organization in excess of the Maximum Annual Distribution (as defined above), which may include part or all of such principal, only upon a vote of the two-thirds (2/3) of the Board present at a duly called meeting of such Board. If so approved, the principal may be distributed in the form of a loan or grant.

All endowment assets are board-designated, rather than donor-restricted. As such, endowments are reflected in unrestricted, board-designated net assets. The total board-designated net assets of \$298,156 shown in the Unrestricted Net Assets section of the Statements of Financial Position are composed of two endowments, one for facilities-related expenses and one for general administrative expenses. Composition of and changes in endowed net assets for the period ended June 30, 2018, are as follows:

	<u>Facilities</u>	<u>General</u>
Board-designated endowment net assets, July 1, 2017	\$ 525,179	\$ 272,068
Investment income	2,725	3,488
Unrealized gain	16,615	13,524
Distributions	(420,256)	(110,455)
Administrative and investment fees	<u>(2,254)</u>	<u>(2,478)</u>
Board-designated endowment net assets, June 30, 2018	<u>\$ 122,009</u>	<u>\$ 176,147</u>

**UNITED WAY OF ALAMANCE COUNTY, INC.**

## Notes to Financial Statements

## NOTE F: Fair Value Measurements:

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

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

Level 2: Inputs to the methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the assets or liabilities;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

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

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

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

Endowment Funds as well as the Beneficial Interest in Perpetual Trust are held by the Community Foundation of Greater Greensboro, Inc. which invests in managed funds. At June 30, 2018, United Way's funds were invested in the Trust Company of the South, and split between various mutual funds (98% of the portfolio) and money market and short-term reserve funds (2% of the portfolio).

United Way's Endowment Funds are considered Level 2 investments. United Way does not directly hold individual shares of mutual funds, however, the value of the investments held by the Community Foundation of Greater Greensboro, Inc. are readily observable by quoted prices in active markets.

The Beneficial Interest in Perpetual Trust is considered a Level 2 investment as it is invested in the same manner as the Endowment Funds, except that the United Way does not have a right to the trust assets (see Note G).

## UNITED WAY OF ALAMANCE COUNTY, INC.

### Notes to Financial Statements

#### NOTE F: Fair Value Measurements: (continued)

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the United Way believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

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

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Endowment - general	\$ 0	\$ 176,147	\$ 0	\$ 176,147
Endowment - facilities	0	122,009	0	122,009
	<u>0</u>	<u>298,156</u>	<u>0</u>	<u>298,156</u>
Beneficial interest in perpetual trust	0	224,788	0	224,788
	<u>0</u>	<u>224,788</u>	<u>0</u>	<u>224,788</u>
Total Assets at Fair Value	<u>\$ 0</u>	<u>\$ 522,944</u>	<u>\$ 0</u>	<u>\$ 522,944</u>

#### Note G: Beneficial Interest in a Perpetual Trust:

United Way of Alamance County, Inc. is the recipient of income earned on a trust established in 1996 when the Burlington Merchants Association dissolved. The Community Foundation of Greater Greensboro, serving as trustee, distributes the earnings annually to the United Way of Alamance County, Inc. to be used for operating expenses. During the fiscal year ended June 30, 2018, the Organization received \$8,382 which is includable in other revenue. United Way of Alamance County, Inc. has the irrevocable right to receive the income earned on trust assets in perpetuity, but not the trust assets which are controlled by the trustee. The fair value of the trust of \$224,788 is reported in the financial statements as permanently restricted net assets at June 30, 2018. Changes in the beneficial interest in a perpetual trust for the period ended June 30, 2018, are as follows:

Beneficial interest in a perpetual trust, July 1, 2017	\$ 217,328
Investment income	4,333
Unrealized gain	14,464
Distributions	(8,382)
Administrative and investment fees	<u>(2,955)</u>
Beneficial interest in a perpetual trust, June 30, 2018	<u>\$ 224,788</u>

**UNITED WAY OF ALAMANCE COUNTY, INC.**

Notes to Financial Statements

Note H: Short-Term Borrowings:

The Organization entered into a \$100,000 unsecured revolving line of credit agreement with Pinnacle Bank on June 4, 2018. The line of credit is to be used for short-term cash flow needs. Interest is computed and payable monthly based on a variable rate of interest. The rate at June 30, 2018 was 5.00%. The line of credit matures June 8, 2028. The outstanding balance at June 30, 2018 was \$40,000.

Note I: Pension Plan:

The Organization maintains a defined contribution pension plan for the benefit of all employees who have attained the age of twenty-one and completed one year of service. The plan provides for the Organization to contribute 5% of the employee's eligible compensation. Contributions to the pension plan by the Organization for the fiscal year ended June 30, 2018 totaled \$16,136.

Note J: Funds Held for Others:

The Organization held disaster relief funds for others of \$69,861 classified as restricted cash as of June 30, 2018.

Note K: Rentals Under Operating Leases:

In December 2017 the Organization entered into an operating agreement for two copiers and two pure water systems. The lease is for 60 months and expires December 2022. The lease expenses are included in Computer Equipment and Support in the Statement of Functional Expenses. Total lease expense for the year was \$7,423. The following is a schedule of future minimum rental payments required under operating leases that have remaining noncancelable lease terms in excess of one year as of June 30, 2018:

Year Ending <u>June 30,</u>	<u>Amount</u>
2019	\$ 7,167
2020	7,167
2021	7,167
2022	7,167
2023	<u>2,986</u>
	<u>\$ 31,654</u>



SUPPLEMENTARY INFORMATION

## UNITED WAY OF ALAMANCE COUNTY, INC.

## SCHEDULE OF ALLOCATIONS AND DESIGNATIONS

Fiscal Year Ended June 30, 2018 with Comparative Totals for June 30, 2017

	Allocation Services	Donor Designations	2018 Allocation/ Awards	2017 Allocation/ Awards
ACC-Academic & Career Readiness	\$ 40,500	\$ -	\$ 40,500	\$ 38,000
Alamance Citizens for a Drug Free Community	-	639	639	1,009
Alamance Citizens for Education (ACE)	-	46	46	255
Alamance County Community YMCA	23,994	1,939	25,933	20,572
Alamance County Dispute Settlement & Youth Services, Inc.			-	-
Alamance County Government Libraries			-	-
Alamance County Meals on Wheels	42,354	5,847	48,201	32,657
Alamance ElderCare, Inc.	14,150	2,850	17,000	16,000
Alamance Partnership for Children	52,228	72	52,300	62,300
Allied Churches of Alamance County, Inc.	69,057	17,696	86,753	95,924
Benevolence Farm			-	-
Boy Scouts of America, Old North State Council	-	4,383	4,383	6,765
Burlington Development Corporation	10,000	-	10,000	22,200
Burlington Senior Adult Leisure Services	5,553	447	6,000	5,000
CareNet			-	10,000
Catholic Charities of the Diocese of Raleigh, Inc.	17,000	-	17,000	25,000
Children's Home Society	20,000	-	20,000	15,000
Children's Museum of Alamance County			-	-
Christmas Cheer of Alamance County	-	3,457	3,457	4,678
Crossroads: Sexual Assault Response & Resource Center	19,328	5,672	25,000	26,000
Elon Academy	12,285	4,215	16,500	19,500
Family Abuse Services of Alamance County, Inc.	40,664	1,456	42,120	43,000
Family Services of the Piedmont - Consumer Credit Counseling	10,000	-	10,000	8,000
Friendship Adult Day Services			-	12,000
Hospice & Palliative Care Center of Alamance-Caswell	-	14,215	14,215	27,980
Legal Aid of NC - Pittsboro	12,000	-	12,000	12,000
Lifespan	9,840	160	10,000	10,000
Medication Management Clinic (formerly AlaMaP)	12,630	250	12,880	10,000
OE Enterprises, Inc. - Alamance Office	15,000	-	15,000	10,000
Open Door Clinic of Alamance County	34,183	1,175	35,358	30,555
Piedmont Health Services-Burlington Community Health Center	19,593	407	20,000	15,000
Piedmont Health Services & Sickle Cell Agency			-	1,838
Positive Attitude Youth Center	12,500	-	12,500	16,000
Reach Out & Read			-	-
Residential Treatment Services of Alamance, Inc.	35,000	-	35,000	10,500
Special Olympics of Alamance County	-	5,708	5,708	5,506
The American Red Cross	13,492	1,508	15,000	10,000
The Exchange Club & Family Center in Alamance	15,000	-	15,000	15,000
The Salvation Army of Alamance County	32,252	3,748	36,000	32,258
The Salvation Army Boys and Girls Club of Alamance County	58,937	2,348	61,285	60,000
Women's Resource Center in Alamance County	20,230	6,839	27,069	20,787
Other United Ways	-	432	432	2,681
All other designations	-	193,944	193,944	211,020
Totals	\$ 667,770	\$ 279,453	\$ 947,223	\$ 964,985

See accompanying notes and independent auditors' report.