

UNITED WAY OF ALAMANCE COUNTY, INC

Burlington, North Carolina

**FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

Fiscal Year Ended June 30, 2019

With Summarized Comparative Totals for June 30, 2018

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.....	8-17
SUPPLEMENTARY INFORMATION:	
Schedule of Allocations and Designations	18



**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, 2019, 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, 2019 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, 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 10, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018, 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 17, 2019

UNITED WAY OF ALAMANCE COUNTY, INC.

STATEMENTS OF FINANCIAL POSITION

June 30, 2019 with Comparative Totals for June 30, 2018

	<u>2019</u>	<u>2018</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$ 44,640	\$ 39,670
Pledges receivable, net	310,434	452,626
Sales tax receivable	9,627	12,410
Accounts receivable	-	607
Funds held by others	279,170	298,156
Prepaid assets	4,225	800
Property and equipment, net	534,473	568,389
Cash and cash equivalents - restricted	83,099	69,861
Beneficial interest in perpetual trust	220,743	224,788
	<u>\$ 1,486,411</u>	<u>\$ 1,667,307</u>
<u>LIABILITIES AND NET ASSETS</u>		
Liabilities:		
Short-term debt	\$ 90,419	\$ 40,000
Accounts payable	18,249	20,288
Payroll deductions and accruals	2,108	2,237
Designations payable	123,910	122,548
Funds held for others	83,099	69,861
	<u>317,785</u>	<u>254,934</u>
Net Assets:		
Without donor restrictions	535,969	725,436
With donor restrictions	632,657	686,937
	<u>1,168,626</u>	<u>1,412,373</u>
	<u>\$ 1,486,411</u>	<u>\$ 1,667,307</u>

See accompanying notes and independent auditors' report.

UNITED WAY OF ALAMANCE COUNTY, INC.

STATEMENTS OF ACTIVITIES

Fiscal Year Ended June 30, 2019 with Comparative Totals for June 30, 2018

	Without Donor Restrictions	With Donor Restrictions	Total 2019	Total 2018
Revenue and Support:				
Gross campaign results	\$ -	\$ 1,028,844	\$ 1,028,844	\$ 1,106,591
Less: Donor designations	-	(118,426)	(118,426)	(130,379)
Less: Provision for uncollectible	-	(14,211)	(14,211)	(20,228)
Less: Roll off of 3rd prior year	-	5,668	5,668	10,027
Net Campaign Revenue	-	901,875	901,875	966,011
Other revenue				
Service revenue	-	4,563	4,563	4,409
Investment income (loss)	5,264	(4,045)	1,219	27,740
Other revenue	8,506	-	8,506	9,443
Grants received	-	81,262	81,262	92,462
Special events revenue	54,098	-	54,098	58,740
Costs of special events	(23,286)	-	(23,286)	(23,789)
In-kind contributions	21,242	-	21,242	15,245
Net assets released from restrictions	1,037,935	(1,037,935)	-	-
Total Other Revenue	1,103,759	(956,155)	147,604	184,250
Total Revenue and Support	1,103,759	(54,280)	1,049,479	1,150,261
Expenses:				
Program services:				
Gross agency disbursements	811,649	-	811,649	947,222
Less: Donor designated amounts	(232,805)	-	(232,805)	(279,453)
Net allocation services	578,844	-	578,844	667,769
Community services	400,040	-	400,040	406,541
Total Program Services	978,884	-	978,884	1,074,310
Support services:				
Management & general	105,920	-	105,920	136,694
Fundraising	208,423	-	208,423	239,674
Total Support Services	314,343	-	314,343	376,368
Total Expenses	1,293,227	-	1,293,227	1,450,678
Change in Net Assets	(189,468)	(54,280)	(243,748)	(300,417)
Net Assets, Beginning of Year	725,437	686,937	1,412,374	1,712,790
Net Assets, End of Year	\$ 535,969	\$ 632,657	\$ 1,168,626	\$ 1,412,373

See accompanying notes and independent auditor's report.

UNITED WAY OF ALAMANCE COUNTY, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

Fiscal Year Ended June 30, 2019 with Comparative Totals for June 30, 2018

	Program Services			Supporting Services			Total 2019	Total 2018
	Allocation Services	Community Services	Total	Management and General	Fundraising	Total		
Allocations / Awards	\$ 811,649	\$ -	\$ 811,649	\$ -	\$ -	\$ -	\$ 811,649	\$ 947,222
2-1-1	-	12,463	12,463	-	-	-	12,463	12,463
Less: Donor designations	(232,805)	-	(232,805)	-	-	-	(232,805)	(279,453)
Subtotal	578,844	12,463	591,307	-	-	-	591,307	680,232
Salaries	-	173,287	173,287	59,984	99,973	159,957	333,244	327,630
Payroll taxes	-	12,793	12,793	4,428	7,380	11,808	24,601	23,691
Employee benefits	-	29,578	29,578	10,238	17,064	27,302	56,880	76,076
Subtotal	-	215,658	215,658	74,650	124,417	199,067	414,725	427,397
Bank and credit card fees	-	1,862	1,862	644	1,074	1,718	3,580	2,697
Campaign expenses	-	-	-	-	35,093	35,093	35,093	37,240
Computer equipment and support	-	9,632	9,632	3,334	5,557	8,891	18,523	15,776
Community impact	-	87,139	87,139	-	-	-	87,139	118,034
Conferences, meetings and luncheons	-	3,182	3,182	1,102	1,836	2,938	6,120	6,884
Depreciation	-	20,217	20,217	6,998	11,664	18,662	38,879	25,547
Insurance	-	-	-	1,924	-	1,924	1,924	1,738
Marketing and development	-	9,610	9,610	3,326	5,544	8,870	18,480	53,985
Occupancy costs	-	5,757	5,757	1,993	3,321	5,314	11,071	7,843
Office supplies and postage	-	5,136	5,136	1,778	2,964	4,742	9,878	8,313
Other employee expenses	-	2,979	2,979	1,031	1,719	2,750	5,729	6,936
Professional fees	-	11,090	11,090	3,839	6,398	10,237	21,327	24,914
United Way dues	-	8,960	8,960	3,101	5,169	8,270	17,230	16,269
Utilities	-	6,355	6,355	2,200	3,667	5,867	12,222	16,873
Subtotal	-	171,919	171,919	31,270	84,006	115,276	287,195	343,049
Functional Expenses	\$ 578,844	\$ 400,040	\$ 978,884	\$ 105,920	\$ 208,423	\$ 314,343	\$ 1,293,227	\$ 1,450,678

See accompanying notes and independent auditors' report.

UNITED WAY OF ALAMANCE COUNTY, INC.

STATEMENTS OF CASH FLOWS

Fiscal Year Ended June 30, 2019 with Comparative Totals for June 30, 2018

	<u>2019</u>	<u>2018</u>
Cash Flows from Operating Activities:		
Change in net assets	\$ (243,748)	\$ (300,417)
Adjustments to Reconcile Change in Net Assets to Net Cash Used by Operating Activities:		
Depreciation	38,879	25,547
Loss on sale of fixed assets	-	11,671
Realized and unrealized (gains) and losses	4,204	(44,602)
(Increase) decrease in:		
Accounts receivable	607	3,110
Sales tax receivable	2,783	(9,558)
Pledges receivable, net	142,192	(66,881)
Prepaid assets	(3,425)	2,975
Increase (decrease) in:		
Accounts payable	(2,038)	882
Payroll deductions and accruals	(129)	722
Designations	1,362	25,441
Net Cash Used by Operating Activities	<u>(59,313)</u>	<u>(351,110)</u>
Cash Flows from Investing Activities:		
Net endowment earnings	18,827	36,234
Withdrawals from endowments	-	500,000
Proceeds from sale of property and equipment	-	93,800
Purchases of property and equipment	<u>(4,963)</u>	<u>(587,308)</u>
Net Cash Provided by Investing Activities	<u>13,864</u>	<u>42,726</u>
Cash Flows Used by Financing Activities:		
Proceeds from short-term debt	170,000	40,000
Payments of short-term debt	(119,581)	-
Increase (decrease) in due from other funds	<u>13,238</u>	<u>(66,495)</u>
Net Cash Provided (Used) by Financing Activities	<u>63,657</u>	<u>(26,495)</u>
Net Increase (Decrease) in Cash	\$ 18,208	\$ (334,879)
Cash and cash equivalents, Beginning of Year	<u>109,531</u>	<u>444,410</u>
Cash and cash equivalents, End of Year	<u>\$ 127,739</u>	<u>\$ 109,531</u>
Supplemental Disclosures:		
Cash payments for interest	<u>\$ 586</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 reports information regarding its financial position and activities according to two classes of net assets as follows:

Net Assets without Donor Restrictions – Net assets that are not subject to donor-imposed restrictions and are available for use in the Organization’s ongoing operations, including funds designated by the Board of Directors.

Net Assets with Donor Restrictions – Net assets subject to donor-imposed restrictions that either expire by passage of time, can be fulfilled and removed by action of the Organization pursuant to those restrictions, and/or upon receipt of funding or passage of date upon which funds were due. This category also includes net assets subject to donor-imposed restrictions that the principal be maintained permanently by the Organization and generally allow the use of investment earnings.

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, 2018 financial statements, from which the summarized information was derived.

UNITED WAY OF ALAMANCE COUNTY, INC.

Notes to Financial Statements

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

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.

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, 2019, no cash deposits exceeded the federally insured limit.

6) Contributions Receivable and Revenues:

Contributions receivables are promises to give from various donors that are considered unconditional that consist of pledges made during the annual giving campaign and are presented net of an allowance of uncollectible accounts. Unconditional promises to give are expected to be collected within one year and recorded at their net realizable value. An allowance is recorded for each campaign year based on management's evaluation of outstanding pledges. Management considers current economic factors, historical trends, and history with specific donors. Actual results could vary from the estimate.

Support that is restricted by the donor is reported as an increase in net assets without donor restrictions 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 net assets with donor restrictions. When a restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are transferred to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

7) Donated Goods and Services:

It is the Organization's policy for donated marketable securities to be immediately sold upon receipt of the gift of the security. Donated marketable securities are recorded as contributions at the estimated fair values at the date of donation.

UNITED WAY OF ALAMANCE COUNTY, INC.

Notes to Financial Statements

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

7) Donated Goods and Services: (continued)

Donated goods received are reflected at their estimated fair value at the date of receipt. For the years ended June 30, 2019 and 2018, the Organization received \$10,000 and \$11,400, 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 \$11,242 and \$3,845, 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.

8) Donated Airtime:

United Way Worldwide (UWW) maintains relationships with the National Football League (NFL), the Ad Council, and other organizations on behalf of local United Ways. UWW underwrites the cost to produce Public Service Announcements that promote education, financial stability, and healthy living that features individuals who are involved in various local United Way community volunteer activities. The NFL, the Ad Council, and other organizations furnish the media space (television and radio airtime, newspaper and magazine print space, billboards, etc.) throughout the year at no cost to United Way. Management has elected to disclose an allocation of airtime based on a multiplication factor of annual dues. This factor is provided to local United Ways by UWW for application to the prior year's accounting. The allocated value of the donated media was estimated to be \$9,038 and \$9,222 for the years ended June 30, 2019 and 2018, respectively. The Organization has elected not to record the value of these relationships on the financial statements.

9) Donor Designated Contributions:

The United Way 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 designated Organization.

UNITED WAY OF ALAMANCE COUNTY, INC.

Notes to Financial Statements

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

10) Fair Value Measurements:

U.S. GAAP established a fair value hierarchy that prioritizes the inputs to valuation techniques to measure fair value. Fair value is defined as the exchange value that would be received on the measurement date to sell an asset or to value the amount paid to transfer a liability in the principal or most advantageous market available to the entity in an orderly transaction between market participants. 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.

11) 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.

UNITED WAY OF ALAMANCE COUNTY, INC.

Notes to Financial Statements

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

12) Income Taxes:

The United Way is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for federal or state income taxes are included in the financial statements of the United Way. The United Way is also exempt from local property taxes.

United Way performs an annual assessment for any uncertainty in income tax positions which include an analysis of whether there are any tax positions related to unrelated business income or other activities that may jeopardize their tax exempt status and thus meet the criteria of an uncertain tax position. No tax liability accrual has been recorded as of the years ended June 30, 2019 and 2018 relating to material uncertain positions taken, as Management believes there are none. Generally, the Internal Revenue Service may examine a tax return for three years from the date the return is filed. At June 30, 2019, the tax years ended June 30, 2018, 2017, and 2016 remain open for possible examination by the IRS.

13) Functional Expenses:

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 based on estimates of time and effort utilized.

NOTE C: Pledges Receivable:

Unconditional promises to give at June 30, 2019 and 2018, consist of the following:

	<u>2019</u>	<u>2018</u>
Receivables due in less than one year	\$ 350,483	\$ 515,079
Allowance for uncollectible	<u>(40,049)</u>	<u>(62,453)</u>
Net unconditional promises to give	<u>\$ 310,434</u>	<u>\$ 452,626</u>

UNITED WAY OF ALAMANCE COUNTY, INC.

Notes to Financial Statements

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 totaled \$38,879 and \$25,547 for the years ended June 30, 2019 and 2018, respectively.

Property and equipment consisted of the following as of June 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Computer software	\$ 23,877	\$ 21,518
Furniture and fixtures	95,774	93,170
Equipment	6,183	6,183
Building	<u>495,788</u>	<u>495,788</u>
	621,622	616,659
Less: Accumulated depreciation	<u>(87,149)</u>	<u>(48,270)</u>
Property and equipment, net	<u>\$ 534,473</u>	<u>\$ 568,389</u>

NOTE E: Funds Held by Others:

The Organization established accounts with the Alamance Community Foundation, formerly an affiliate of the Community Foundation of Greater Greensboro, in 2008 and 2009 for quasi-endowment purposes and designated itself as the beneficiary. Accordingly, the fair value of the funds are recorded as "Funds held by others" on the Statement of Financial Position. The fair value of the funds was \$279,170 and \$298,156 as of June 30, 2019 and 2018, respectively.

The fair value of the funds was confirmed by the Alamance Community Foundation based on units of the master investment pool applicable to the Organization's pro-rata portion, and represented to be based on quoted active market prices; however, funds held by a community foundation under the arrangement described above are all considered to be within the Level 2 of the fair value hierarchy.

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,

UNITED WAY OF ALAMANCE COUNTY, INC.

Notes to Financial Statements

NOTE E: Funds Held by Others: (continued)

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.

Composition of and changes in quasi-endowments for the period ended June 30, 2019, are as follows:

	<u>Facilities</u>	<u>General</u>
Quasi-endowment net assets, July 1, 2018	\$ 122,009	\$ 176,147
Investment income	4,394	6,784
Unrealized losses	(1,151)	(1,375)
Distributions	(14,990)	(9,245)
Administrative and investment fees	<u>(1,356)</u>	<u>(2,047)</u>
Quasi-endowment net assets, June 30, 2019	<u>\$ 108,906</u>	<u>\$ 170,264</u>

Note F: 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 Alamance Community Foundation, formerly an affiliate of 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, 2019, the Organization received \$8,506 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 \$220,743 is reported in the financial statements as net assets with donor restrictions at June 30, 2019. The trust assets are considered to be within the Level 2 of the fair value hierarchy. Changes in the beneficial interest in a perpetual trust for the period ended June 30, 2019, are as follows:

Beneficial interest in a perpetual trust, July 1, 2018	\$ 224,788
Investment income	8,774
Unrealized loss	(1,678)
Distributions	(8,506)
Administrative and investment fees	<u>(2,635)</u>
Beneficial interest in a perpetual trust, June 30, 2019	<u>\$ 220,743</u>

UNITED WAY OF ALAMANCE COUNTY, INC.

Notes to Financial Statements

Note G: 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 interest rate was 5.00% and 5.25% at June 30, 2019 and 2018, respectively. The line of credit matures June 8, 2028. The outstanding balances were \$90,419 and \$40,000 for the years ended June 30, 2019 and 2018, respectively.

Note H: Funds Held for Others:

The Organization held disaster relief funds for others of \$83,099 and \$69,861 classified as restricted cash as of June 30, 2019 and 2018, respectively.

Note I: Net Assets without Donor Restrictions:

The Board of Directors has designated certain funds to be used for programs that are designed to promote the mission of the Organization which are included in net assets without donor restrictions.

Net assets without donor restrictions designated by the Board of Directors for special purposes are as follows as of June 30:

	<u>2019</u>	<u>2018</u>
Board designated quasi-endowment funds:		
For general and administrative expenses	\$ 170,264	\$ 176,147
For facilities expense	<u>108,906</u>	<u>122,009</u>
Total Board designated quasi-endowment funds	279,170	298,156
Undesignated net assets	<u>256,799</u>	<u>427,280</u>
Total Net Assets without Donor Restrictions	<u>\$ 535,969</u>	<u>\$ 725,436</u>

Note J: Net Assets with Donor Restrictions:

Net assets with donor restrictions are restricted for the following purposes or periods for the years ended June 30:

	<u>2019</u>	<u>2018</u>
Restricted by time	\$ 411,914	\$ 462,149
Beneficial interest in perpetual trust	<u>220,743</u>	<u>224,788</u>
Total Net Assets with Donor Restrictions	<u>\$ 632,657</u>	<u>\$ 686,937</u>

UNITED WAY OF ALAMANCE COUNTY, INC.

Notes to Financial Statements

Note K: Liquidity and Available Resources:

The Organization's financial assets available within one year of the statements of financial date for general expenditures are as follows:

Cash and cash equivalents	\$ 44,640
Contributions receivable, net	310,434
Sales tax receivable	9,627
Funds held by others	<u>279,170</u>
Total financial assets available within one year	<u>643,871</u>
Less:	
Amounts due within one year:	
Short-term debt	(90,419)
Accounts payable and accrued expenses	(20,357)
Designations payable	<u>(123,910)</u>
Total amounts due within one year	<u>(234,686)</u>
 Total Financial Assets Available Within One Year	 <u>\$ 409,185</u>

Note L: 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 2.50% and 5.00% of the employee's eligible compensation for the fiscal years ended June 30, 2019 and 2018, respectively. Contributions to the pension plan by the Organization were \$7,022 and \$16,136 for the fiscal years ended June 30, 2019 and 2018, respectively.

Note M: 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, 2019:

Year Ending <u>June 30,</u>	<u>Amount</u>
2020	\$ 7,167
2021	7,167
2022	7,167
2023	<u>2,986</u>
	<u>\$ 24,487</u>

UNITED WAY OF ALAMANCE COUNTY, INC.

Notes to Financial Statements

Note N: Subsequent Events:

Management has evaluated subsequent events through the date of the Independent Auditor's Report, October 17, 2019, the date the financial statements were available to be issued. The Board of Directors approved the release of \$100,000 from the General Quasi-Endowment Fund to help with current cash flow needs at the June 27, 2019 Board of Directors meeting. The funds were received and deposited into the Organization's bank account on July 15, 2019.

Note O: Recent Accounting Pronouncements:

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-014 to improve the presentation of financial statements on not-for-profit entities. It is effective for 2018 and addresses the following key qualitative and quantitative matters:

- Net asset classes
- Investment returns
- Expenses
- Liquidity and availability of resources

The Organization adopted this ASU as of and for the year ended June 30, 2019 with retrospective application to the 2018 financial statements. There was no effect on the change in net assets for the year ended June 30, 2018 as a result of this adoption.

SUPPLEMENTARY INFORMATION

UNITED WAY OF ALAMANCE COUNTY, INC.

SCHEDULE OF ALLOCATIONS AND DESIGNATIONS

Fiscal Year Ended June 30, 2019 with Comparative Totals for June 30, 2018

	Allocation Services	Donor Designations	2019 Allocation/ Awards	2018 Allocation/ Awards
ACC-Academic & Career Readiness	\$ 35,000	\$ -	\$ 35,000	\$ 40,500
Alamance Citizens for a Drug Free Community	-	1,000	1,000	639
Alamance Citizens for Education (ACE)	-	54	54	46
Alamance County Community YMCA	18,366	2,391	20,757	25,933
Alamance County Meals on Wheels	32,405	4,957	37,362	48,201
Alamance ElderCare, Inc.	11,900	4,100	16,000	17,000
Alamance Partnership for Children	44,470	530	45,000	52,300
Allied Churches of Alamance County, Inc.	45,276	7,974	53,250	86,753
Boy Scouts of America, Old North State Council	-	4,583	4,583	4,383
Burlington Development Corporation	25,000	-	25,000	10,000
Burlington Senior Adult Leisure Services	10,000	-	10,000	6,000
Catholic Charities of the Diocese of Raleigh, Inc.	11,940	60	12,000	17,000
Children's Home Society	10,000	-	10,000	20,000
Christmas Cheer of Alamance County	-	3,188	3,188	3,457
Crossroads: Sexual Assault Response & Resource Center	14,630	4,370	19,000	25,000
Elon Academy	7,754	3,746	11,500	16,500
Family Abuse Services of Alamance County, Inc.	31,065	1,935	33,000	42,120
Family Services of the Piedmont - Consumer Credit Counseling	10,000	-	10,000	10,000
Hospice & Palliative Care Center of Alamance-Caswell	-	6,618	6,618	14,215
Legal Aid of NC - Pittsboro	9,760	240	10,000	12,000
Lifespan	9,880	120	10,000	10,000
Medication Management Clinic (formerly AlaMaP)	20,000	-	20,000	12,880
OE Enterprises, Inc. - Alamance Office	13,000	-	13,000	15,000
Open Door Clinic of Alamance County	19,880	595	20,475	35,358
Piedmont Health Services-Burlington Community Health Center	19,760	240	20,000	20,000
Positive Attitude Youth Center	-	-	-	12,500
Residential Treatment Services of Alamance, Inc.	27,446	1,554	29,000	35,000
SAFE	12,000	-	12,000	-
Special Olympics of Alamance County	-	867	867	5,708
Sustainable Alamance	10,000	1,000	11,000	-
The American Red Cross	9,153	847	10,000	15,000
The Exchange Club & Family Center in Alamance	17,000	-	17,000	15,000
The Salvation Army of Alamance County	18,235	4,015	22,250	36,000
The Salvation Army Boys and Girls Club of Alamance County	48,810	2,190	51,000	61,285
Women's Resource Center in Alamance County	36,114	5,344	41,458	27,069
Other United Ways	-	5,086	5,086	432
All other designations	-	165,201	165,201	193,943
Totals	\$ 578,844	\$ 232,805	\$ 811,649	\$ 947,222

See accompanying notes and independent auditors' report.