

UNITED WAY OF ALAMANCE COUNTY, INC

Burlington, North Carolina

**FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

Fiscal Year Ended June 30, 2020

With Summarized Comparative Totals for June 30, 2019

UNITED WAY OF ALAMANCE COUNTY, INC.

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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, 2020, and the related statements of activities, functional expenses and cash flows for the year then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with 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, 2020 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, 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 17, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019, 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
December 3, 2020

UNITED WAY OF ALAMANCE COUNTY, INC.

STATEMENTS OF FINANCIAL POSITION

June 30, 2020 with Comparative Totals for June 30, 2019

	<u>2020</u>	<u>2019</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$ 61,439	\$ 44,640
Pledges receivable, net	292,519	310,434
Refundable sales tax receivable	752	9,627
Funds held by others	161,438	279,170
Prepaid assets	11,427	4,225
Property and equipment, net	504,826	534,473
Cash held for others	79,399	83,099
Beneficial interest in perpetual trust	211,737	220,743
	<u>\$ 1,323,537</u>	<u>\$ 1,486,411</u>
<u>LIABILITIES AND NET ASSETS</u>		
Liabilities:		
Short-term debt	\$ -	\$ 90,419
Accounts payable	3,753	18,249
Payroll deductions and accruals	-	2,108
Donor designations payable	73,260	123,910
Conditional contribution - PPP funding	86,893	-
Funds held for others	79,399	83,099
	<u>243,305</u>	<u>317,785</u>
Total Liabilities		
Net Assets:		
Without donor restrictions	557,133	535,969
With donor restrictions	523,099	632,657
	<u>1,080,232</u>	<u>1,168,626</u>
Total Net Assets	<u>\$ 1,323,537</u>	<u>\$ 1,486,411</u>

See accompanying notes and independent auditors' report.

UNITED WAY OF ALAMANCE COUNTY, INC.

STATEMENTS OF ACTIVITIES

Fiscal Year Ended June 30, 2020 with Comparative Totals for June 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total 2020	Total 2019
Revenue and Support:				
Gross campaign results	\$ -	\$ 885,573	\$ 885,573	\$ 1,028,844
Less: Donor designations	-	(80,487)	(80,487)	(118,426)
Less: Provision for uncollectible	-	(12,540)	(12,540)	(14,211)
Less: Roll off of 3rd prior year	-	(26,612)	(26,612)	5,668
Net Campaign Revenue	-	765,934	765,934	901,875
Other revenue				
Service revenue	-	26,555	26,555	4,563
Investment income (loss)	312	(9,006)	(8,694)	1,219
Help4Alamance	175,992	-	175,992	-
Other revenue	8,692	-	8,692	8,506
Grants received	-	88,712	88,712	81,262
Special events revenue	26,077	-	26,077	54,098
Costs of special events	(8,488)	-	(8,488)	(23,286)
In-kind contributions	11,815	-	11,815	21,242
Net assets released from restrictions	981,753	(981,753)	-	-
Total Other Revenue	1,196,153	(875,492)	320,661	147,604
Total Revenue and Support	1,196,153	(109,558)	1,086,595	1,049,479
Expenses:				
Program services:				
Gross agency disbursements	488,926	-	488,926	811,649
Less: Donor designated amounts	(80,487)	-	(80,487)	(232,805)
Net allocation services	408,439	-	408,439	578,844
Community services	487,403	-	487,403	400,040
Total Program Services	895,842	-	895,842	978,884
Support services:				
Management & general	95,745	-	95,745	105,920
Fundraising	183,402	-	183,402	208,423
Total Support Services	279,147	-	279,147	314,343
Total Expenses	1,174,989	-	1,174,989	1,293,227
Change in Net Assets	21,164	(109,558)	(88,394)	(243,748)
Net Assets, Beginning of Year	535,969	632,657	1,168,626	1,412,374
Net Assets, End of Year	\$ 557,133	\$ 523,099	\$ 1,080,232	\$ 1,168,626

See accompanying notes and independent auditor's report.

UNITED WAY OF ALAMANCE COUNTY, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

Fiscal Year Ended June 30, 2020 with Comparative Totals for June 30, 2019

	Program Services			Supporting Services			Total 2020	Total 2019
	Allocation Services	Community Services	Total	Management and General	Fundraising	Total		
Allocations / Awards	\$ 488,926	\$ -	\$ 488,926	\$ -	\$ -	\$ -	\$ 488,926	\$ 811,649
2-1-1	-	12,463	12,463	-	-	-	12,463	12,463
Less: Donor designations	(80,487)	-	(80,487)	-	-	-	(80,487)	(232,805)
Subtotal	408,439	12,463	420,902	-	-	-	420,902	591,307
Salaries	-	152,261	152,261	52,706	87,843	140,549	292,810	333,244
Payroll taxes	-	13,197	13,197	4,568	7,614	12,182	25,379	24,601
Employee benefits	-	27,123	27,123	9,389	15,648	25,037	52,160	56,880
Subtotal	-	192,581	192,581	66,663	111,105	177,768	370,349	414,725
Bank and credit card fees	-	3,036	3,036	1,051	1,752	2,803	5,839	3,580
Campaign expenses	-	-	-	-	26,811	26,811	26,811	35,093
Computer equipment and support	-	8,953	8,953	3,099	5,165	8,264	17,217	18,523
Community impact	-	203,516	203,516	-	-	-	203,516	87,139
Conferences, meetings and luncheons	-	1,733	1,733	600	1,000	1,600	3,333	6,120
Depreciation	-	16,418	16,418	5,683	9,472	15,155	31,573	38,879
Insurance	-	-	-	1,790	-	1,790	1,790	1,924
Marketing and development	-	7,906	7,906	2,737	4,561	7,298	15,204	18,480
Occupancy costs	-	5,225	5,225	1,808	3,014	4,822	10,047	11,071
Office supplies and postage	-	4,946	4,946	1,712	2,853	4,565	9,511	9,878
Other employee expenses	-	1,579	1,579	547	911	1,458	3,037	5,729
Professional fees	-	12,555	12,555	4,346	7,243	11,589	24,144	21,327
United Way dues	-	8,902	8,902	3,082	5,136	8,218	17,120	17,230
Utilities	-	7,590	7,590	2,627	4,379	7,006	14,596	12,222
Subtotal	-	282,359	282,359	29,082	72,297	101,379	383,738	287,195
Functional Expenses	\$ 408,439	\$ 487,403	\$ 895,842	\$ 95,745	\$ 183,402	\$ 279,147	\$ 1,174,989	\$ 1,293,227

See accompanying notes and independent auditors' report.

UNITED WAY OF ALAMANCE COUNTY, INC.

STATEMENTS OF CASH FLOWS

Fiscal Year Ended June 30, 2020 with Comparative Totals for June 30, 2019

	<u>2020</u>	<u>2019</u>
Cash Flows from Operating Activities:		
Change in net assets	\$ (88,394)	\$ (243,748)
Adjustments to Reconcile Change in Net Assets to Net Cash Used by Operating Activities:		
Depreciation	31,573	38,879
Realized and unrealized (gains) and losses	6,688	4,204
(Increase) decrease in:		
Accounts receivable	-	607
Sales tax receivable	8,875	2,783
Pledges receivable, net	17,915	142,192
Prepaid assets	(7,202)	(3,425)
Increase (decrease) in:		
Accounts payable	(14,495)	(2,038)
Payroll deductions and accruals	(2,108)	(129)
Designations	(50,650)	1,362
Conditional contributions	86,893	-
Net Cash Used by Operating Activities	<u>(10,905)</u>	<u>(59,313)</u>
Cash Flows from Investing Activities:		
Net endowment earnings	20,049	18,827
Withdrawals from endowments	100,000	-
Purchases of property and equipment	<u>(1,925)</u>	<u>(4,963)</u>
Net Cash Provided by Investing Activities	<u>118,124</u>	<u>13,864</u>
Cash Flows Used by Financing Activities:		
Proceeds from short-term debt	30,000	170,000
Payments of short-term debt	<u>(120,420)</u>	<u>(119,581)</u>
Net Cash Provided (Used) by Financing Activities	<u>(90,420)</u>	<u>50,419</u>
Net Increase (Decrease) in Cash	16,799	4,970
Cash and cash equivalents, Beginning of Year	<u>44,640</u>	<u>39,670</u>
Cash and cash equivalents, End of Year	<u>\$ 61,439</u>	<u>\$ 44,640</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, 2019 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, 2020, 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.

Unconditional contributions are recognized as revenue in the year the commitment or payments is first received. 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, 2020 and 2019, the Organization received \$10,000 and \$10,000, 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 \$1,815 and \$11,242, 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 \$8,514 and \$9,038 for the years ended June 30, 2020 and 2019, respectively. The Organization has elected not to record the value of these relationships on the financial statements.

9) Donor Designations Payable:

Donor designations payable represents donor contributions directed to agencies and other United Ways accrued, but not yet paid, as of June 30, 2020 and 2019. The United Way reports donor designated contributions as agent transactions rather than as unconditional contributions in conformity with generally accepted accounting principles. Funds disbursed to nonprofit organizations are listed in the supplemental 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, 2020 and 2019 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, 2020, 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, 2020 and 2019, consist of the following:

	<u>2020</u>	<u>2019</u>
Receivables due in less than one year	\$ 337,755	\$ 350,483
Allowance for uncollectible	<u>(45,236)</u>	<u>(40,049)</u>
Net unconditional promises to give	<u>\$ 292,519</u>	<u>\$ 310,434</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 \$31,573 and \$38,879 for the years ended June 30, 2020 and 2019, respectively.

Property and equipment consisted of the following as of June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Computer software	\$ 23,877	\$ 23,877
Furniture and fixtures	95,774	95,774
Equipment	6,183	6,183
Building	<u>497,713</u>	<u>495,788</u>
	623,547	621,622
Less: Accumulated depreciation	<u>(118,721)</u>	<u>(87,149)</u>
Property and equipment, net	<u>\$ 504,826</u>	<u>\$ 534,473</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 is recorded as "Funds held by others" on the Statement of Financial Position. The fair value of the funds was \$161,438 and \$279,170 as of June 30, 2020 and 2019, 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, 2020, are as follows:

	<u>Facilities</u>	<u>General</u>
Quasi-endowment net assets, July 1, 2019	\$ 108,906	\$ 170,264
Investment income	3,023	1,947
Unrealized losses	(1,682)	(945)
Distributions	(9,933)	(108,113)
Administrative and investment fees	<u>(1,229)</u>	<u>(800)</u>
Quasi-endowment net assets, June 30, 2020	<u>\$ 99,085</u>	<u>\$ 62,353</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, 2020, 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 \$211,737 is reported in the financial statements as net assets with donor restrictions at June 30, 2020. 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, 2020, are as follows:

Beneficial interest in a perpetual trust, July 1, 2019	\$ 220,743
Investment income	6,309
Unrealized loss	(4,061)
Distributions	(8,691)
Administrative and investment fees	<u>(2,563)</u>
Beneficial interest in a perpetual trust, June 30, 2020	<u>\$ 211,737</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, 2020 and 2019, respectively. The line of credit matures June 8, 2028. The outstanding balances were \$0 and \$90,419 for the years ended June 30, 2020 and 2019, respectively.

Note H: Conditional Contribution:

The Organization received \$86,893 from the Small Business Administration's Paycheck Protection Program ("PPP") on April 12, 2020 from Pinnacle Bank. The Organization has elected to treat the loan as a conditional contribution. If the loan is forgiven the debt forgiveness will be treated as an unrestricted contribution. If the loan, or any portion of the loan, is not forgiven, the unforgiven amount would be payable in eighteen monthly payments of principal and interest and would mature on April 12, 2022. Interest is computed at one percent per annum. The Organization intends to apply for loan forgiveness.

Note I: Funds Held for Others:

The Organization held disaster relief funds for another organization of \$79,399 and \$83,099 as of June 30, 2020 and 2019, respectively. These transactions are recognized as changes in assets and liabilities and do not affect the statement of activities.

Note J: 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>2020</u>	<u>2019</u>
Board designated quasi-endowment funds:		
For general and administrative expenses	\$ 62,353	\$ 170,264
For facilities expense	<u>99,085</u>	<u>108,906</u>
Total Board designated quasi-endowment funds	161,438	279,170
Undesignated net assets	<u>395,695</u>	<u>256,799</u>
 Total Net Assets without Donor Restrictions	 <u>\$ 557,133</u>	 <u>\$ 535,969</u>

UNITED WAY OF ALAMANCE COUNTY, INC.

Notes to Financial Statements

Note K: 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>2020</u>	<u>2019</u>
Restricted by time	\$ 311,362	\$ 411,914
Beneficial interest in perpetual trust	<u>211,737</u>	<u>220,743</u>
 Total Net Assets with Donor Restrictions	 <u>\$ 523,099</u>	 <u>\$ 632,657</u>

Note L: 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	\$ 61,389
Contributions receivable, net	292,519
Sales tax receivable	752
Funds held by others	<u>161,438</u>
Total financial assets available within one year	<u>516,098</u>
 Less:	
Amounts due within one year:	
Accounts payable and accrued expenses	(3,753)
Designations payable	(73,260)
Conditional contribution	<u>(86,893)</u>
Total amounts due within one year	<u>(163,906)</u>
 Total Financial Assets Available Within One Year	 <u>\$ 352,192</u>

To help manage unanticipated liquidity needs, the Organization has a committed line of credit of \$100,000, which it could draw upon (Note G).

Note M: 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% of the employee's eligible compensation. Contributions to the pension plan by the Organization were \$6,731 and \$7,022 for the fiscal years ended June 30, 2020 and 2019, respectively.

UNITED WAY OF ALAMANCE COUNTY, INC.

Notes to Financial Statements

Note N: 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 \$8,994. 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, 2020:

Year Ending <u>June 30,</u>	<u>Amount</u>
2021	\$ 7,167
2022	7,167
2023	<u>2,986</u>
	<u>\$ 17,320</u>

Note O: Risks and Uncertainties:

In March 2020, the World Health Organization declared the global novel coronavirus disease (COVID-19) outbreak a pandemic. The Organization cannot reasonably estimate at this time the specific extent, duration, or full impact that the COVID-19 pandemic will have on its financial condition, pledge collections and operations.

Note P: Subsequent Events:

Management has evaluated subsequent events through the date of the Independent Auditor's Report, December 3, 2020, the date the financial statements were available to be issued.

Note Q: Recently Adopted Accounting Standards:

In August 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update 2016-14, Not-for-Profit Entities (Topic 958), *Presentation of Financial Statements of Not-for-Profit Entities* ("ASU 2016-14"), to improve the financial reporting model for nonprofit organizations. The new guidance reduces the required classes of net assets from three to two, requires all organizations to provide information about expenses by both nature and function, and changes presentation and disclosure requirements by simplifying some disclosures and enhancing others. The Organization adopted ASU 2016-14 effective July 1, 2018 which had only presentation effects within the Organization's financial statements and did not have a material impact on net assets.

UNITED WAY OF ALAMANCE COUNTY, INC.

Notes to Financial Statements

Note Q: Recently Adopted Accounting Standards: (continued)

Effective July 1, 2019, the Organization adopted the provisions of ASU 2018-08, *Not-for-Profit Entities – Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*. ASU 2018-08 clarifies the accounting guidance for not-for-profit entities surrounding contributions received and contributions made. The update assists entities in their evaluation of whether transactions should be accounted for as contributions or exchange transactions and determining whether a contribution is conditional.

Effective July 1, 2019, the Organization adopted the provisions and expanded disclosure requirements described in Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers*, also referred to as ASC Topic 606. In accordance with ASC 606, revenue is recognized when performance obligations are satisfied. The amount of revenue recognized reflects the consideration to which the Organization expects to be entitled to receive in exchange for promised goods and services that comprise a performance obligation. In addition, ASC 606 requires disclosures of the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. In addition, ASC 606 requires disclosures of the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The adoption of ASU 2014-09 did not have a material effect on net assets with or without donor restrictions.

For the year ended June 30, 2020. The Organization has adopted the FASB ASU Nos. 2016-15 and 2016-18, *Statements of Cash Flows*. These standards provide guidance to reduce the diversity of how certain transactions are classified in the statement of cash flows. Further, it provides guidance related to transfers between cash and restricted cash and how entities present, in their statement of cash flows, the cash receipts and cash payments that directly affect the restricted cash accounts. We have adopted these provisions in the accompanying financial statements.

SUPPLEMENTARY INFORMATION

UNITED WAY OF ALAMANCE COUNTY, INC.

SCHEDULE OF ALLOCATIONS AND DESIGNATIONS

Fiscal Year Ended June 30, 2020 with Comparative Totals for June 30, 2019

	Allocation Services	Donor Designations	2020 Allocation/ Awards	2019 Allocation/ Awards
ACC-Academic & Career Readiness	\$ 40,000	\$ -	\$ 40,000	\$ 35,000
Alamance County Community YMCA	13,483	1,517	15,000	20,757
Alamance County Meals on Wheels	27,334	666	28,000	37,362
Alamance Partnership for Children	18,205	795	19,000	45,000
Allied Churches of Alamance County, Inc.	26,568	7,432	34,000	53,250
Burlington Development Corporation	25,000	-	25,000	25,000
Catholic Charities of the Diocese of Raleigh, Inc.	11,940	60	12,000	12,000
Children's Home Society	10,000	-	10,000	10,000
Crossroads: Sexual Assault Response & Resource Center	10,748	2,252	13,000	19,000
Elon Academy	13,305	1,695	15,000	11,500
Family Abuse Services of Alamance County, Inc.	32,022	978	33,000	33,000
Legal Aid of NC	10,000	-	10,000	10,000
Medication Management Clinic (formerly AlaMaP)	15,000	-	15,000	20,000
Open Door Clinic of Alamance County	17,940	60	18,000	20,475
Piedmont Health Services-Burlington Community Health Center	15,000	-	15,000	20,000
Residential Treatment Services of Alamance, Inc.	15,950	1,050	17,000	29,000
The Exchange Club & Family Center in Alamance	13,000	-	13,000	17,000
The Salvation Army of Alamance County	11,348	1,652	13,000	22,250
The Salvation Army Boys and Girls Club of Alamance County	41,902	3,598	45,500	51,000
Women's Resource Center in Alamance County	39,694	1,306	41,000	41,458
Other United Ways	-	443	443	5,086
All other designations	-	56,983	56,983	273,511
Totals	<u>\$ 408,439</u>	<u>\$ 80,487</u>	<u>\$ 488,926</u>	<u>\$ 811,649</u>

See accompanying notes and independent auditors' report.