

**United Way of the
Central Savannah River Area, Inc.**

Report on the Financial Statements

For the Years Ended December 31, 2019 and 2018

elliott davis

United Way of the Central Savannah River Area, Inc.

Contents

	<u>Page</u>
Independent Auditor's Report	1-2
Financial Statements	
Statements of Financial Position.....	3
Statements of Activities	4
Statements of Cash Flows	5
Statements of Functional Expenses	6-7
Notes to the Financial Statements.....	8-19

Independent Auditor's Report

The Board of Directors
United Way of the Central Savannah River Area, Inc.
Augusta, Georgia

Report on the Financial Statements

We have audited the accompanying financial statements of United Way of the Central Savannah River Area, Inc. (a nonprofit organization), ("United Way" or "United Way of the CSRA"), which comprise the statements of financial position as of December 31, 2019 and 2018, the related statements of cash flows and functional expenses for the years then ended, and the related statement of activities for the year ended December 31, 2019, 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 audits to obtain reasonable assurance about whether the financial statements are free of 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 evaluating 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 the Central Savannah River Area, Inc. as of December 31, 2019 and 2018, and the related statements of cash flows and functional expenses for the years then ended, and the related statement of activities for the year ended December 31, 2019 in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited United Way of the Central Savannah River Area, Inc.'s 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 1, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018 is consistent, in all material respects, with the audited financial statements from which it has been derived.

A handwritten signature in black ink that reads "Elliott Davis, LLC". The signature is written in a cursive style with a large, sweeping initial "E".

Augusta, Georgia
May 11, 2020

United Way of the Central Savannah River Area, Inc.

Statements of Financial Position

As of December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Assets		
Current assets		
Cash and cash equivalents	\$ 1,878,227	\$ 2,177,169
Pledges receivable, net of provision for uncollectible pledges	796,136	923,758
Accounts receivable	2,306	52,622
Prepaid expenses	64,284	90,646
Other assets	5,002	-
Total current assets	<u>2,745,955</u>	<u>3,244,195</u>
Equipment, net	8,916	7,341
Certificate of deposit	80,002	80,002
Other assets	17,914	-
Beneficial interest in assets held by Community Foundation	120,175	99,964
Total assets	<u>\$ 2,972,962</u>	<u>\$ 3,431,502</u>
Liabilities and net assets		
Current liabilities		
Accounts payable and accrued liabilities	\$ 72,734	\$ 86,584
Amounts payable to designated agencies	211,231	199,248
Allocations payable	728,888	930,150
Deferred revenue	71,585	41,863
Total current liabilities	<u>1,084,438</u>	<u>1,257,845</u>
Long term liabilities		
Other long term liabilities	17,914	-
Total liabilities	<u>1,102,352</u>	<u>1,257,845</u>
Net assets		
Without donor restrictions	<u>821,521</u>	<u>1,028,085</u>
With donor restrictions:		
Restricted for the 2019 and 2018 campaign, net	933,696	1,037,603
Purpose restricted for Uniform Service Organization	80,000	80,000
Quasi-endowment fund	35,393	27,969
Total net assets with donor restrictions	<u>1,049,089</u>	<u>1,145,572</u>
Total net assets	<u>1,870,610</u>	<u>2,173,657</u>
Total liabilities and net assets	<u>\$ 2,972,962</u>	<u>\$ 3,431,502</u>

See Notes to Financial Statements

United Way of the Central Savannah River Area, Inc.

Statements of Activities

For the year ended December 31, 2019, with comparative totals for the year ended December 31, 2018

	Without Donor Restrictions	With Donor Restrictions	Total 2019	Total 2018
Public Support and Revenues				
2014 Gross Campaign Results				
Bad debt recovery	\$ 1,715	\$ -	\$ 1,715	\$ -
Net campaign revenues	1,715	-	1,715	-
2015 Gross Campaign Results				
Bad debt recovery	-	-	-	1,133
Net campaign revenues	-	-	-	1,133
2016 Gross Campaign Results				
Less donor designations	-	-	-	116,174
Bad debt recovery	204	-	204	(32,907)
Net campaign revenues	204	-	204	11,488
2017 Gross Campaign Results				
Less donor designations	58,342	-	58,342	146,174
Change in provision for uncollectible	(3,809)	-	(3,809)	(32,907)
Net campaign revenues	(20,748)	-	(20,748)	-
2018 Gross Campaign Results				
Less donor designations	1,370,952	-	1,370,952	1,446,251
Less provision for uncollectible	(123,352)	-	(123,352)	(108,564)
Net campaign revenues	(11,000)	-	(11,000)	-
2019 Gross Campaign Results				
Less donor designations	-	1,280,824	1,280,824	1,446,251
Less provision for uncollectible	-	(166,128)	(166,128)	(108,564)
Net campaign revenues	-	(181,000)	(181,000)	-
	1,272,304	933,696	2,206,000	2,471,178
Other revenues				
Special events	67,711	-	67,711	75,925
Service fees	24,733	-	24,733	22,905
Grants	76,978	-	76,978	124,308
Net investment (loss) income	26,294	-	26,294	(5,969)
Miscellaneous income	8,866	-	8,866	19,666
Combined Federal Campaign (CFC) reimbursement	-	-	-	5,053
Grant gifts in-kind	437,972	-	437,972	181,156
Other donations and contributions, including in-kind	237,050	7,424	244,474	180,820
Net assets released from restrictions	1,037,603	(1,037,603)	-	-
	1,917,207	(1,030,179)	887,028	603,864
Total public support & revenues	3,189,511	(96,483)	3,093,028	3,075,042
Expenses				
Program services				
Gross funds awarded/distributed	1,659,158	-	1,659,158	2,090,500
Less donor designations	(293,289)	-	(293,289)	(330,244)
Net funds awarded/distributed	1,365,869	-	1,365,869	1,760,256
Other program services	1,159,371	-	1,159,371	710,455
Total program services	2,525,240	-	2,525,240	2,470,711
Supporting services				
Total expenses	870,835	-	870,835	1,073,338
	3,396,075	-	3,396,075	3,544,049
Decrease in net assets	(206,564)	(96,483)	(303,047)	(469,007)
Net assets, beginning of year	1,028,085	1,145,572	2,173,657	2,642,664
Net assets, end of year	\$ 821,521	\$ 1,049,089	\$ 1,870,610	\$ 2,173,657

See Notes to Financial Statements

United Way of the Central Savannah River Area, Inc.**Statements of Cash Flows****For the years ended December 31, 2019 and 2018**

	<u>2019</u>	<u>2018</u>
Operating activities		
Decrease in net assets	\$ (303,047)	\$ (469,007)
Adjustments to reconcile the decrease in net assets to net cash and cash equivalents used in operating activities:		
Depreciation	5,286	4,831
Contributions in-kind	649,118	290,681
Expenses relating to contributions in-kind	(649,118)	(290,681)
Net (gain)/loss on beneficial interest in assets held by Community Foundation	(18,270)	9,671
Changes in deferred and accrued amounts:		
Pledges receivable, net of provision for uncollectible pledges	127,622	153,238
Accounts receivable	50,316	5,691
Prepaid expenses	26,362	16,619
Other assets	(5,002)	-
Accounts payable and accrued liabilities	(13,850)	(52,589)
Amounts payable to designated agencies	11,983	(37,348)
Allocations payable	(201,262)	(11,298)
Deferred revenue	29,722	18,557
Net cash used in operating activities	<u>(290,140)</u>	<u>(361,635)</u>
Investing activities		
Purchases of equipment	(6,861)	(1,474)
Transfer of assets to beneficial interest in assets held by Community Foundation	(1,941)	(109,635)
Net cash used in investing activities	<u>(8,802)</u>	<u>(111,109)</u>
Net decrease in cash and cash equivalents	(298,942)	(472,744)
Cash and cash equivalents, beginning of year	2,177,169	2,649,913
Cash and cash equivalents, end of year	<u>\$ 1,878,227</u>	<u>\$ 2,177,169</u>

See Notes to Financial Statements

United Way of the Central Savannah River Area, Inc.
Statement of Functional Expenses
For the year ended December 31, 2019

	PROGRAM SERVICES				SUPPORT SERVICES				Total
	Community Investment	Community Impact	Grants	2-1-1	Total Program Services	Management, General & Marketing	Fund Raising	Total Support Services	
EXPENSES									
Allocations/awards	\$ 1,659,158	\$ -	\$ -	\$ -	\$ 1,659,158	\$ -	\$ -	\$ -	\$ 1,659,158
Less donor designations	(293,289)	-	-	-	(293,289)	-	-	-	(293,289)
Net allocations	<u>1,365,869</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,365,869</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,365,869</u>
Salaries & related expenses									
Salaries	-	134,981	22,330	108,075	265,386	214,761	239,523	454,284	719,670
Unemployment	-	-	-	-	-	(846)	-	(846)	(846)
Health & life insurance	-	11,086	258	25,042	36,386	21,652	34,668	56,320	92,706
Retirement	-	15,617	-	10,622	26,239	21,049	16,239	37,288	63,527
Payroll taxes	-	10,492	1,709	8,161	20,362	16,421	18,262	34,683	55,045
Total salaries & related expenses	<u>-</u>	<u>172,176</u>	<u>24,297</u>	<u>151,900</u>	<u>348,373</u>	<u>273,037</u>	<u>308,692</u>	<u>581,729</u>	<u>930,102</u>
Other expenses									
Audit	-	-	-	-	-	17,500	-	17,500	17,500
Professional fees	-	5,128	-	29,381	34,509	88	2,245	2,333	36,842
Advertising	-	113	-	-	113	13,857	-	13,857	13,970
Supplies - office	-	1,402	-	823	2,225	2,058	1,422	3,480	5,705
Supplies - campaign	-	-	-	-	-	-	13,779	13,779	13,779
Awards	-	101	-	-	101	324	2,578	2,902	3,003
Telephone	-	12	-	111	123	13	21	34	157
Postage	-	102	-	111	213	1,245	2,794	4,039	4,252
Occupancy	-	17,730	-	17,500	35,230	19,421	30,302	49,723	84,953
Printing	-	117	-	3,197	3,314	9,954	10,288	20,242	23,556
Subscriptions	-	-	-	-	-	651	1,182	1,833	1,833
Local transportation	-	1,621	1,250	831	3,702	550	5,042	5,592	9,294
Conferences/training	-	1,000	-	930	1,930	2,685	2,235	4,920	6,850
Meetings	-	1,241	-	222	1,463	828	2,193	3,021	4,484
Special events	-	9,550	-	-	9,550	34,019	34,026	68,045	77,595
Special Community Funding	-	52,250	-	9,245	61,495	-	-	-	61,495
Membership dues	-	250	-	505	755	2,818	275	3,093	3,848
Miscellaneous expense	-	128	-	820	948	4,524	153	4,677	5,625
General insurance	-	912	-	901	1,813	999	1,559	2,558	4,371
Gifts in kind	-	161,611	-	6,983	168,594	10,749	31,803	42,552	211,146
Grant gift in kind expense	-	-	437,972	-	437,972	-	-	-	437,972
Various grant expenses	-	-	5,039	-	5,039	-	-	-	5,039
VISTA Program Fee expense	-	24,248	-	-	24,248	-	-	-	24,248
Depreciation expense equipment	-	1,103	-	1,089	2,192	1,208	1,886	3,094	5,286
Total other expenses	<u>-</u>	<u>278,619</u>	<u>444,261</u>	<u>72,649</u>	<u>795,529</u>	<u>123,491</u>	<u>143,783</u>	<u>267,274</u>	<u>1,062,803</u>
	<u>-</u>	<u>450,795</u>	<u>468,558</u>	<u>224,549</u>	<u>1,143,902</u>	<u>396,528</u>	<u>452,475</u>	<u>849,003</u>	<u>1,992,905</u>
United Way Worldwide Investment	-	7,785	-	7,684	15,469	8,527	13,305	21,832	37,301
	<u>\$ 1,365,869</u>	<u>\$ 458,580</u>	<u>\$ 468,558</u>	<u>\$ 232,233</u>	<u>\$ 2,525,240</u>	<u>\$ 405,055</u>	<u>\$ 465,780</u>	<u>\$ 870,835</u>	<u>\$ 3,396,075</u>

See Notes to Financial Statements

United Way of the Central Savannah River Area, Inc.

*Statement of Functional Expenses
For the year ended December 31, 2018*

	PROGRAM SERVICES				SUPPORT SERVICES					Total
	Community Investment	Community Impact	Grants	2-1-1	Total Program Services	Management, General & Marketing	Fund Raising	CFC	Total Support Services	
EXPENSES										
Allocations/awards	\$ 2,090,500	\$ -	\$ -	\$ -	\$ 2,090,500	\$ -	\$ -	\$ -	\$ -	\$ 2,090,500
Less donor designations	(330,244)	-	-	-	(330,244)	-	-	-	-	(330,244)
Net allocations	<u>1,760,256</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,760,256</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,760,256</u>
Salaries & related expenses										
Salaries	-	89,546	23,910	111,666	225,122	321,115	219,836	3,122	544,073	769,195
Unemployment	-	-	-	-	-	2,640	-	-	2,640	2,640
Health & life insurance	-	7,653	1,465	24,608	33,726	24,383	34,799	201	59,383	93,109
Retirement	-	10,238	402	11,135	21,775	46,747	19,571	307	66,625	88,400
Payroll taxes	-	6,907	1,828	8,452	17,187	24,587	16,809	237	41,633	58,820
Total salaries & related expenses	<u>-</u>	<u>114,344</u>	<u>27,605</u>	<u>155,861</u>	<u>297,810</u>	<u>419,472</u>	<u>291,015</u>	<u>3,867</u>	<u>714,354</u>	<u>1,012,164</u>
Other expenses										
Audit	-	-	-	-	-	11,865	-	-	11,865	11,865
Professional fees	-	1,887	-	29,775	31,662	23,684	1,164	-	24,848	56,510
Advertising	-	20	-	-	20	7,846	-	-	7,846	7,866
Supplies - office	-	2,385	-	704	3,089	2,615	1,055	41	3,711	6,800
Supplies - campaign	-	-	-	-	-	-	11,324	-	11,324	11,324
Awards	-	79	-	-	79	567	2,921	-	3,488	3,567
Telephone	-	34	-	518	552	70	59	1	130	682
Postage	-	241	-	58	299	1,319	1,534	78	2,931	3,230
Occupancy	-	14,260	-	17,998	32,258	29,562	24,867	261	54,690	86,948
Printing	-	5,973	-	693	6,666	5,911	7,906	-	13,817	20,483
Subscriptions	-	-	-	-	-	504	1,009	-	1,513	1,513
Local transportation	-	2,476	1,153	772	4,401	1,183	5,212	-	6,395	10,796
Conferences/training	-	1,567	-	6,037	7,604	4,111	3,029	-	7,140	14,744
Meetings	-	657	-	-	657	1,359	2,172	-	3,531	4,188
Special events	-	10,570	-	-	10,570	37,722	35,125	-	72,847	83,417
Special Community Funding	-	43,174	8,786	122	52,082	-	-	-	-	52,082
Membership dues	-	-	-	305	305	2,747	275	-	3,022	3,327
Miscellaneous expense	-	975	-	105	1,080	4,798	698	349	5,845	6,925
General insurance	-	408	26	476	910	1,105	811	10	1,926	2,836
Gifts in kind	-	6,811	-	8,597	15,408	82,114	11,878	125	94,117	109,525
Grant gift in kind expense	-	-	181,156	-	181,156	-	-	-	-	181,156
Various grant expenses	-	-	24,473	-	24,473	-	-	-	-	24,473
VISTA Program Fee expense	-	22,835	-	-	22,835	-	-	-	-	22,835
Depreciation expense equipment	-	792	-	1,000	1,792	1,643	1,382	14	3,039	4,831
Total other expenses	<u>-</u>	<u>115,144</u>	<u>215,594</u>	<u>67,160</u>	<u>397,898</u>	<u>220,725</u>	<u>112,421</u>	<u>879</u>	<u>334,025</u>	<u>731,923</u>
United Way Worldwide Investment										
	-	229,488	243,199	223,021	695,708	640,197	403,436	4,746	1,048,379	1,744,087
	<u>-</u>	<u>6,520</u>	<u>-</u>	<u>8,227</u>	<u>14,747</u>	<u>13,563</u>	<u>11,396</u>	<u>-</u>	<u>24,959</u>	<u>39,706</u>
	<u>\$ 1,760,256</u>	<u>\$ 236,008</u>	<u>\$ 243,199</u>	<u>\$ 231,248</u>	<u>\$ 2,470,711</u>	<u>\$ 653,760</u>	<u>\$ 414,832</u>	<u>\$ 4,746</u>	<u>\$ 1,073,338</u>	<u>\$ 3,544,049</u>

See Notes to Financial Statements

United Way of the Central Savannah River Area, Inc.

Notes to the Financial Statements

December 31, 2019 and 2018

Note 1. Summary of Activities and Significant Accounting Policies

Activities:

Incorporated in 1951, United Way of the Central Savannah River Area, Inc. ("United Way" or "United Way of the CSRA") conducts the annual United Way fundraising campaign and distributes the monies to other charitable organizations. United Way also provides planning and other forms of support to numerous charitable organizations in the Central Savannah River Area. United Way of the CSRA unites people and mobilizes community resources to create lasting changes that transform lives. United Way, which is governed by a volunteer Board of Directors, is committed to complying with United Way Worldwide Cost Deduction Standards.

Net assets:

United Way's net assets are classified as follows:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of United Way's management and the Board of Directors.

Net assets with donor restrictions: Net assets that are subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of United Way or by the passage of time (that is, when a stipulated time restriction ends or purpose restriction is accomplished). Other donor restrictions may be perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. At December 31, 2019 and 2018, United Way had no donor restrictions perpetual in nature.

Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and 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 the Central Savannah River Area, Inc.

Notes to the Financial Statements

December 31, 2019 and 2018

Note 1. Summary of Activities and Significant Accounting Policies, Continued

Fair value measurements:

Financial Accounting Standards Board (FASB)'s *Fair Value Measurements* provides a framework for measuring and disclosing fair value under generally accepted accounting principles. The standard requires disclosures about the fair value of assets and liabilities recognized in the statements of financial position in periods subsequent to initial recognition, whether the measurements are made on a recurring basis or on a nonrecurring basis.

Fair Value Measurements defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The standard also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1: Quoted prices in active markets for identical assets or liabilities. Level 1 assets and liabilities include debt and equity securities and derivative contracts that are traded in an active exchange market, as well as U.S. Treasury Securities.

Level 2: Inputs to the valuation methodology include:

Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data. Level 2 assets and liabilities include debt securities with quoted prices that are traded less frequently than exchange-traded instruments, mortgage-backed securities, municipal bonds, corporate debt securities and derivative contracts whose value is determined using a pricing model with inputs that are observable in the market or can be derived principally from or corroborated by observable market data. This category generally includes certain derivative contracts and impaired loans.

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.

United Way's certificate of deposit is observable at commonly quoted intervals and is considered a Level 2 asset.

Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation. For example, this category generally includes certain private equity investments, retained residual interests in securitizations, residential mortgage servicing rights, and highly-structured or long-term derivative contracts.

United Way of the Central Savannah River Area, Inc.

Notes to the Financial Statements

December 31, 2019 and 2018

Note 1. Summary of Activities and Significant Accounting Policies, Continued

Fair value measurements, continued:

United Way's beneficial interest in assets held by the Community Foundation (See Note 7) is considered a Level 3 asset. The underlying assets held by the Community Foundation are both equity securities valued at the closing price reported on the active markets in which the individual securities are traded and mutual funds valued at the net asset value of shares held at year-end.

Quasi-endowment fund:

In 2018, United Way of the CSRA entered into an agreement with The Community Foundation of the CSRA (the "Foundation") to establish and maintain a quasi-endowment for the purpose of providing long-term support for the ongoing operations of the United Way of the CSRA. The fund totaled \$35,393 and \$27,969 at December 31, 2019 and 2018, respectively and is included in beneficial interest in assets held by Community Foundation (see Note 7). The funds maintained at the Foundation are included in net assets with donor restrictions in the accompanying statements of financial position.

Support and expenses:

Contributions received and unconditional promises to give are measured at their fair values and are reported as an increase in net assets. United Way reports gifts of cash and other assets as support with donor restrictions if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for future periods. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Donor restricted contributions whose restrictions are met in the same reporting period are reported as support without donor restrictions. Donor designated contributions are reported as reductions to United Way's support.

United Way reports gifts of goods and equipment as support without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit donor restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as support with donor restrictions. Absent explicit donor stipulation about how long those long-lived assets must be maintained, United Way reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

When material, unconditional promises to give receivable more than one year from the statement of financial position date are stated at their present value using a discount rate commensurate with the uncertainty involved. Favorable variances on United Way's provision for uncollectible pledges are recognized as contributions, whereas unfavorable variances are recognized as bad debts expense. Both are recognized in the year the variance occurs.

Expenses are recorded when incurred in accordance with the accrual basis of accounting.

United Way of the Central Savannah River Area, Inc.

Notes to the Financial Statements

December 31, 2019 and 2018

Note 1. Summary of Activities and Significant Accounting Policies, Continued

Program service accomplishments:

Program funding allocations

Using contributions to the Community Investment Fund, United Way of the CSRA distributes funds to 43 health and human service programs at 22 partner agencies. Program allocation requests are made annually and include budget information as well as proposed impact of funds. Quarterly success stories, outcomes logic models, and annual total service reports are required under United Way's partnership agreement. Partner agencies also submit annual IRS Form 990s and audits as per United Way policies.

These funded programs are reviewed annually by groups of community volunteers to ensure appropriate usage of funds. Volunteers complete site visits and in-depth reviews of program accomplishments. Funding is targeted towards programs demonstrating an impact on the community. United Way's funding policies are designed to ensure the greatest accountability for donors' funds and the greatest impact on individuals in our local community.

Funded Programs achieve outcomes within the following impact areas:

- 1) *Education*
- 2) *Financial Stability*
- 3) *Health*

2-1-1 Information and referral program

The concept of 2-1-1 – an easy to remember 3-digit dialing code that connects people with professionally-delivered information and referral to health, community and human services – was born in Atlanta in 1997 through the leadership of United Way of Greater Atlanta.

Locally, 2-1-1 has significant impact on the quality of life throughout the community. In 2019, United Way of the CSRA's 2-1-1 information and referral specialists assisted 19,730 callers and 2-1-1's website experienced 44,371 sessions. In addition, 2-1-1 provided support to specific agencies that offered direct service in the area of emergency shelter, emergency rent and utility assistance. Providing a database of wide-ranging volunteer opportunities assists non-profit agencies in every sector of the community in maintaining a supply of dedicated, enthusiastic workers and donors to fulfill the mission of their organization. 2-1-1 is there when people need it, a vital, proven part of the human service infrastructure.

United Way of the Central Savannah River Area, Inc.

Notes to the Financial Statements

December 31, 2019 and 2018

Note 1. Summary of Activities and Significant Accounting Policies, Continued

Program service accomplishments, continued:

Donor designations

United Way offers donor choice options through our annual campaign. Donors may opt to donate to a number of health and human service agencies. Approximately 73 local agencies receive donor designated monies in addition to those receiving annual allocations. Organizations receiving donor designated funds undergo a screening process which includes:

- 1) *Completion of an application*
- 2) *Verification of status as an IRS 501(c)3 nonprofit organization*
- 3) *Verification of compliance with the provisions of the Patriot Act*

AmeriCorps*VISTA (Volunteers in Service to America)

United Way's AmeriCorps VISTA program, Project UNITE, is part of the national service program designed specifically for the purpose of fighting poverty. United Way serves as a regional intermediary agency and is assigned up to 17 AmeriCorps VISTA members who serve full-time for one year with area elementary schools for capacity building in the area of parent and community engagement. AmeriCorps VISTAs help build human capacity, financial capacity, and social capacity in host sites and/or schools where they are assigned. United Way of the CSRA receives support funds necessary for regional program supervision and oversight from the Corporation for National Community Service. In 2019, this program served 12 Richmond County schools and 5 Columbia County schools, engaged more than 1,620 volunteers and leveraged over \$195,000 of cash (grants, donations and fundraising) and non-cash resources (in-kind goods and services) to support community nonprofits, and identified numerous partnerships.

Donated services and goods

A substantial number of volunteers have donated approximately 26,700 hours to United Way's program services and fundraising campaigns during the year; however, these donated services are not reflected in the financial statements since the services do not meet the requirements to be recorded under generally accepted accounting principles.

Materials and other assets received as donations are recorded as in-kind and reflected in the accompanying financial statements at their fair values at the date of donation. The in-kind reflected in the accompanying financial statements also includes expenses of \$437,972 and \$181,156 for the year ended December 31, 2019 and 2018, respectively, paid for grants administered by United Way and paid by other agencies.

United Way of the Central Savannah River Area, Inc.

Notes to the Financial Statements

December 31, 2019 and 2018

Note 1. Summary of Activities and Significant Accounting Policies, Continued

Cash and cash equivalents:

United Way considers all highly liquid investments with a maturity at the time of purchase of three months or less to be cash equivalents.

United Way places its cash and cash equivalents with high quality financial institutions. At times, such balances may be in excess of the Federal Deposit Insurance Corporation (FDIC) insurance limits. Management believes United Way is not exposed to any significant credit risk on United Way's cash and cash equivalents.

Availability of funds for general expenditures:

United Way has certain net assets that are available for general expenditures within one year of December 31, 2019 and 2018 based on conducting the normal activities of its programs in the coming year. Accordingly, the related resources have been included in the quantitative information detailing the financial assets available to meet general expenditures within one year (See Note 2).

Certificate of deposit:

At December 31, 2019 and 2018, United Way held an \$80,002 certificate of deposit, which will mature in December 2020.

Provision for uncollectible pledges:

A provision for uncollectible pledges is computed based upon a historical average adjusted for management estimates of current economic factors and applied to the gross campaign results, including donor designations (see Note 3).

Equipment:

Equipment with a useful life of greater than one year and with a cost of \$1,000 or more is considered a capital asset. Equipment is recorded at cost (or fair value for donated assets) and is depreciated using the straight-line method over an estimated useful life of 3-7 years.

Deferred revenue:

Deferred revenue consists of grant amounts received but not yet expended for the grant or designated purposes.

Advertising costs:

Advertising costs, including amounts within in-kind separately stated on the statements of functional expenses, are expensed as incurred and totaled \$53,508 and \$75,861 for the years ended December 31, 2019 and 2018, respectively.

United Way of the Central Savannah River Area, Inc.

Notes to the Financial Statements

December 31, 2019 and 2018

Note 1. Summary of Activities and Significant Accounting Policies, Continued

Income taxes:

United Way is a not-for-profit organization that is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, United Way has been classified as an organization that is not a private foundation under Section 509(a)(2). United Way is not aware of any material uncertain tax positions as of December 31, 2019.

Expense allocation:

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

Expenses of United Way include:

Program services expenses - Program services expenses include direct costs associated with providing funding to other charitable organizations, fulfilling grant obligations, funding the community investments, and running the 2-1-1 information and referral program.

Management, general and marketing expenses – Management, general, and marketing expenses include the general, administrative, and operating costs of United Way.

Fundraising expenses - These expenses include costs incurred from soliciting donations through workplace campaigns, special events, and other activities that raise resources for United Way and the community.

The statements of functional expenses present expenses by function and natural classification. Expenses directly attributable to a specific functional area of United Way are reported as expenses of those functional areas. A portion of general and administrative costs that benefit multiple functional areas (indirect costs) have been allocated across programs and other support services based on the proportion of full-time employee equivalents of a program or other support service versus the total organizational full-time employee equivalents.

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries, health & life insurance, retirement, payroll taxes, supplies – office, telephone, occupancy, general insurance, \$33,900 of gifts in-kind, depreciation expense of equipment, and United Way Worldwide investment, which are allocated on the basis of estimates of time and effort. The remaining expenses do not require allocation and are directly attributable to a specific functional area and are therefore reported as such.

United Way of the Central Savannah River Area, Inc.

Notes to the Financial Statements

December 31, 2019 and 2018

Note 1. Summary of Activities and Significant Accounting Policies, Continued

Adoption of a new accounting standard:

In May 2014, the FASB issued Accounting Standards Update (“ASU”) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which supersedes the guidance in former Topic 605, *Revenue Recognition*, and requires entities to recognize revenue when control of the promised goods or services is transferred to customers at an amount that reflects the consideration to which the entity expects to be entitled to in exchange for those goods and services. United Way adopted this new accounting standard and all the related amendments as of December 31, 2019 using the modified retrospective method. The new standard did not impact United Way’s recognition of revenue from all material revenue streams. Thus, the comparative period information has not been restated and continues to be reported under the accounting standard in effect for those periods. The adoption of the new standard had no impact on United Way’s financial statements.

New accounting pronouncements:

In June 2018, the FASB issued ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, an update to clarify and improve the scope and the accounting guidance for contributions received and contributions made. The clarifying guidance is effective for annual periods beginning after December 15, 2019. United Way is currently in the process of evaluating the impact of adoption of this guidance on the financial statements.

In February 2016, the FASB amended the Leases topic of the Accounting Standards Codification to require all leases with lease terms over 12 months to be capitalized as a right-of-use asset and lease liability on the balance sheet at the date of lease commencement. Leases will be classified as either finance leases or operating leases. This distinction will be relevant for the pattern of expense recognition in the statement of activities. The amendments will be effective for fiscal years beginning after December 15, 2020. Early adoption is permitted. United Way is currently in the process of evaluating the impact of adoption of this guidance on the financial statements.

Other accounting standards that have been issued or proposed by the FASB or other standards-setting bodies are not expected to have a material impact on United Way’s net assets or changes in net assets.

Subsequent events:

The financial statements have not been updated for subsequent events occurring after May 11, 2020, which is the date these financial statements were available to be issued.

United Way of the Central Savannah River Area, Inc.

Notes to the Financial Statements

December 31, 2019 and 2018

Note 2. Availability and Liquidity

Financial assets available for general expenditure, that are without donor or other restrictions limiting their use within one year of the statement of financial position are comprised of the following at December 31:

	<u>2019</u>	<u>2018</u>
Assets at year-end	\$ 2,972,962	\$ 3,431,502
Less amounts not available to be used within one year due to liquidity:		
Prepaid expenses	(64,284)	(90,646)
Equipment, net	(8,916)	(7,341)
Other assets	(22,916)	-
	<u>2,876,846</u>	<u>3,333,515</u>
Less amounts not available to be used within one year due to:		
Donor imposed restrictions:		
Amounts payable to designated agencies	(211,231)	(199,248)
Allocations payable	(728,888)	(930,150)
Designated for United Service Organization support	(80,000)	(80,000)
Designated quasi-endowment funds	(35,393)	(27,969)
Assets available to meet cash needs for general expenditures within one year	<u>\$ 1,821,334</u>	<u>\$ 2,096,148</u>

As part of its liquidity management plan, United Way has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations become due. Additionally, United Way invests excess cash in short-term investments, including interest bearing checking and savings accounts, and has the ability to redeem the certificate of deposit as necessary to meet its obligations.

Note 3. Pledges Receivable

Pledges receivable consist of the following at December 31:

	<u>2019</u>	<u>2018</u>
2016 Campaign	\$ -	\$ 10,000
2017 Campaign	10,000	468,796
2018 Campaign	370,449	844,497
2019 Campaign	797,722	-
	<u>1,178,171</u>	<u>1,323,293</u>
Less provision for uncollectible pledges	(382,035)	(399,535)
	<u>\$ 796,136</u>	<u>\$ 923,758</u>

United Way of the Central Savannah River Area, Inc.

Notes to the Financial Statements

December 31, 2019 and 2018

Note 3. Pledges Receivable, Continued

The provision for uncollectible pledges consist of the following at December 31:

	<u>2019</u>	<u>2018</u>
2017 Campaign	\$ -	\$ 209,500
2018 Campaign	201,035	190,035
2019 Campaign	181,000	-
	<u>\$ 382,035</u>	<u>\$ 399,535</u>

Note 4. Equipment

Equipment consists of the following at December 31:

	<u>2019</u>	<u>2018</u>
Equipment	\$ 88,969	\$ 83,488
Less accumulated depreciation	(80,053)	(76,147)
	<u>\$ 8,916</u>	<u>\$ 7,341</u>

Depreciation expense totaled \$5,286 and \$4,831 for the years ended December 31, 2019 and 2018, respectively.

Note 5. Employee Retirement Plan

United Way sponsors a defined contribution retirement plan covering all employees who meet certain eligibility criteria related to age and years of service. Employer contributions to the plan are ten percent of an eligible employee's compensation. Employer contributions for the years ended December 31, 2019 and 2018 were \$63,527 and \$88,400, respectively.

Note 6. Leases

In 2011, United Way entered into an operating lease agreement for office space in Augusta, Georgia. The terms of the lease required a security deposit of \$2,342, equal to one month's rental payment. The lease agreement requires monthly lease payments of \$2,342, and was renewed and amended on December 31, 2013. The amendment extends the lease for nine years at the same rental rate and required a \$150,000 one-time payment on December 31, 2013. This amount is included in prepaids and amortized over the life of the lease. The balance at December 31, 2019 and 2018 was \$50,000 and \$66,667, respectively.

Future minimum lease commitments under the operating lease for the office space total \$84,312, composed of \$28,104 in rental expense for each of the next three years.

Total rent expense under operating leases and other short-term rental arrangements was \$50,884 and \$53,025 in 2019 and 2018, respectively.

United Way of the Central Savannah River Area, Inc.

Notes to the Financial Statements

December 31, 2019 and 2018

Note 7. Beneficial Interest in Assets Held by the Community Foundation

During 2018, United Way transferred assets to The Community Foundation for the Central Savannah River Area (the "Community Foundation") which is holding them as endowed component funds ("Funds") for the benefit of United Way. The assets transferred to the Funds include assets with donor restrictions for the Quasi-endowment fund and assets with donor restrictions for the United Service Organization. United Way has granted the Community Foundation variance power which gives the Community Foundation's Board of Directors the power to use the Funds for other purposes in certain circumstances. The Funds are subject to the Community Foundation's investment and spending policies. The Community Foundation's Board of Directors has established an annual spendable amount which is available for distribution from the Funds each year. Currently, this spendable amount is 4.5% of the three-year average of the annual fund balance. United Way representatives may request different distributions from the Funds as it sees fit, subject to the Community Foundation's approval. Any portion of the income and earnings not expended in any given year will be accumulated and reinvested by the Community Foundation. Such accumulations are defined as income and are available for use in subsequent years to sustain the mission of United Way.

United Way reports the fair value of the Funds as Beneficial Interest in Assets Held by the Community Foundation in the statements of financial position and reports distributions received as investment income, when applicable. Changes in the value of the Funds are reported as gains or losses in the statements of activities. Changes in the Funds for the year ended December 31, 2019 and December 31, 2018 are as follows:

Balance at December 31, 2018	\$	99,964
United Way contribution to the Quasi-endowments		1,941
Share of gain of Funds		19,606
Administrative fees		(1,336)
Balance at December 31, 2019	\$	<u>120,175</u>
Balance at December 31, 2017	\$	-
Initial amount invested in Funds, both for the Quasi-endowment and purpose restricted for the United Service Organization		109,635
Share of loss of Funds		(9,231)
Administrative fees		(440)
Balance at December 31, 2018	\$	<u>99,964</u>

Note 8. Subsequent Events

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern" and on March 11, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, and quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate the spread of it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries, including the geographical area in which United Way operates. On March 27, 2020, the *Coronavirus Aid, Relief, and Economic Security Act* (CARES Act) was enacted to amongst other provisions, provide emergency assistance for individuals, families and businesses affected by the coronavirus pandemic.

United Way of the Central Savannah River Area, Inc.

Notes to the Financial Statements

December 31, 2019 and 2018

Note 8. Subsequent Events, Continued

It is unknown how long the adverse conditions associated with the coronavirus will last and what the complete financial effect will be to United Way. To date, United Way is expecting to experience an increase in uncollectible pledges due terminations associated with COVID-19.

Additionally, it is reasonably possible that estimates made in the financial statements have been, or will be, materially and adversely impacted in the near term as a result of these conditions, including the provision for uncollectible pledges.

In May 2020, United Way entered into a loan with a financial institution in a principal amount of approximately \$176,000 pursuant to the Paycheck Protection Program ("PPP Loan") under the CARES Act. The PPP Loan is unsecured and guaranteed by the United States Small Business Administration. United Way may apply to the financial institution for forgiveness of the PPP Loan, with the amount which may be forgiven equal to the sum of payroll costs, covered rent and mortgage obligations, and covered utility payments incurred by United Way during the eight-week period subsequent to receiving the PPP Loan, calculated in accordance with the terms of the CARES Act.