

United Way of Anderson County
Financial Statements
June 30, 2017
(With Independent Auditor's Report Thereon)

United Way of Anderson County

Table of Contents

	<u>Page</u>
Independent Auditor's Report	1-2
Financial Statements	
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	5
Statements of Cash Flows	6
Notes to Financial Statements	7-14
Supplemental Information	
Schedule of Functional Expenses - Other Program Services Expenses	15



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Independent Auditor's Report

To the Board of Directors of
United Way of Anderson County

We have audited the accompanying financial statements of United Way of Anderson County (a nonprofit organization), which comprise the statement of financial position as of June 30, 2017, 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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.

Board of Directors
United Way of Anderson County

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Way of Anderson County as of June 30, 2017, 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.

Report on Supplementary Schedule

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses – other program services expenses 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.



Highsmith & Highsmith, LLC
Travelers Rest, South Carolina

September 8, 2017

United Way of Anderson County

**Statement of Financial Position
June 30, 2017**

Assets

Current Assets:

Cash and cash equivalents	\$ 1,200,462
Unconditional promises to give (net of allowance for uncollectible pledges of \$84,445)	571,043
Grants receivable	51,586
Other receivables	6,394
Prepaid expenses	16,769
Deposits	60
Total current assets	<u>1,846,314</u>

Equipment, net of accumulated depreciation	618,900
Total assets	<u><u>\$ 2,465,214</u></u>

Liabilities and Net Assets

Current Liabilities:

Accounts payable and accrued payroll expenses	\$ 45,263
Deferred revenue	27,142
Agency designations payable	128,191
Current portion of long-term debt	34,239
Total current liabilities	<u>234,835</u>

Long-Term Debt	<u>212,196</u>
Total liabilities	<u>447,031</u>

Net Assets:

Unrestricted - board designated	449,348
Temporarily restricted	<u>1,568,835</u>
Total net assets	<u>2,018,183</u>
Total liabilities and net assets	<u><u>\$ 2,465,214</u></u>

United Way of Anderson County

Statement of Activities Year Ended June 30, 2017

	Unrestricted	Temporarily Restricted	Total
Public Support and Revenue			
Gross campaign results (2016/2017)	\$ -	\$ 1,715,160	\$ 1,715,160
(Less prior year campaign results 2016/2017)	-	(69,260)	(69,260)
(Less donor designations)	-	(155,278)	(155,278)
(Less provision for uncollectible)	-	(84,445)	(84,445)
Net campaign revenue (2016/2017)	-	1,406,177	1,406,177
Gross campaign results (2017/2018)	-	124,699	124,699
Grants and contracts	-	305,106	305,106
Other contributions	-	184,648	184,648
Designations from other United Ways	24,728	-	24,728
Service fees	-	17,987	17,987
Investment income	3,912	-	3,912
Net assets released from restrictions	2,095,619	(2,095,619)	-
Total public support and revenue	2,124,259	(57,002)	2,067,257
Expenses			
Program Services			
Gross funds awarded/distributed	771,684	-	771,684
(Less donor designations)	(155,278)	-	(155,278)
Net funds awarded/distributed	616,406	-	616,406
Other program services	1,178,454	-	1,178,454
Total program expenses	1,794,860	-	1,794,860
Support services	403,043	-	403,043
Total expenses	2,197,903	-	2,197,903
Change in net assets	(73,644)	(57,002)	(130,646)
Net assets, beginning of year	522,992	1,625,837	2,148,829
Net assets, end of year	\$ 449,348	\$ 1,568,835	\$ 2,018,183

United Way of Anderson County

Statement of Functional Expenses
Year Ended June 30, 2017

	Program Services		Supporting Services		
	Community Impact	All Other Programs	Organizational Administration	Fundraising	Total
Allocations, awards and grants	\$ 622,712	\$ -	\$ -	\$ -	\$ 622,712
Child care support - agency passthrough	-	148,972	-	-	148,972
(Less donor designations)	(155,278)	-	-	-	(155,278)
	<u>467,434</u>	<u>148,972</u>	<u>-</u>	<u>-</u>	<u>616,406</u>
Salaries	143,912	318,337	86,530	133,717	682,496
Living stipend	-	72,989	-	-	72,989
Payroll taxes	12,357	33,262	7,177	11,102	63,898
Employee benefits	20,815	49,860	17,580	27,194	115,449
	<u>177,084</u>	<u>474,448</u>	<u>111,287</u>	<u>172,013</u>	<u>934,832</u>
Advertising	5,153	1,586	751	1,888	9,378
Agency training	3,519	1,255	-	-	4,774
Awards	125	752	46	583	1,506
Dues to affiliates	5,365	9,644	4,570	7,069	26,648
Equipment rental and repair	3,921	4,035	1,895	2,968	12,819
Events	1,528	15,642	1,302	14,985	33,457
Liability insurance	502	902	428	662	2,494
Maintenance and supplies	3,809	6,848	3,244	5,020	18,921
Meetings	1,085	5,357	194	2,775	9,411
Membership dues	968	1,576	236	830	3,610
Miscellaneous	533	2,275	324	1,797	4,929
Mortgage interest	2,626	4,722	2,238	3,461	13,047
Office supplies	5,445	7,773	1,947	5,883	21,048
Other insurance	170	305	145	224	844
Postage and shipping	578	1,093	170	2,128	3,969
Printing	4,174	4,901	469	16,590	26,134
Professional fees	7,408	5,410	1,200	1,856	15,874
Program supplies	74,082	256,500	4	2,016	332,602
Property insurance	289	519	246	380	1,434
Rent	193	347	165	255	960
Staff development	993	3,492	368	2,672	7,525
Staff development travel	1,387	29,348	779	4,102	35,616
Telephone/alarm system	1,743	7,518	1,485	2,508	13,254
Travel - local	3,692	6,315	290	2,263	12,560
Utilities	2,358	4,240	2,008	3,107	11,713
Volunteer development	591	347	18	134	1,090
Total expenses before depreciation	<u>776,755</u>	<u>1,006,122</u>	<u>135,809</u>	<u>258,169</u>	<u>2,176,855</u>
Depreciation	4,219	7,764	3,505	5,560	21,048
Total expenses	<u>\$ 780,974</u>	<u>\$ 1,013,886</u>	<u>\$ 139,314</u>	<u>\$ 263,729</u>	<u>\$ 2,197,903</u>

United Way of Anderson County

Statement of Cash Flows Year Ended June 30, 2017

Cash flows from operating activities	
Change in net assets	\$ (130,646)
Adjustments to reconcile change in net assets to net cash used by operating activities	
Depreciation	21,048
(Increase) decrease in assets	
Promises to give, net	47,130
Grants receivables	(9,362)
Other receivables	(415)
Prepaid expenses	(194)
Increase (decrease) in liabilities	
Accounts payable and accrued payroll expenses	27,170
Deferred revenue	(15,975)
Agency designations payable	(6,798)
Net cash used by operating activities	<u>(68,042)</u>
Cash flows from investing activities	
Purchase of fixed assets	<u>(12,915)</u>
Net cash used for investing activities	<u>(12,915)</u>
Cash flows from financing activities	
Payments on mortgage loans	<u>(114,904)</u>
Net cash used for financing activities	<u>(114,904)</u>
Net decrease in cash	(195,861)
Cash and cash equivalents, beginning of year	<u>1,396,323</u>
Cash and cash equivalents, end of year	\$ <u><u>1,200,462</u></u>
Supplemental information	
Interest paid on mortgage loan	\$ 13,047

United Way of Anderson County

Notes to Financial Statements

June 30, 2017

Note 1 – Organization

The mission of the United Way of Anderson County (the “Organization”) is to provide leadership in mobilizing the community to collectively address issues, develop strategies, and leverage resources to meet our community’s needs in Anderson County, South Carolina.

Note 2 – Summary of Significant Accounting Policies

Basis of Accounting

The accompanying financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. This basis recognizes revenues and the related assets when earned rather than when received, and expenses are recognized when incurred rather than when the obligation is paid.

Financial Statement Presentation

The Organization has adopted FASB ASC 958-205 Not-For-Profit Presentation of Financial Statements.

The Organization’s net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted net assets – net assets that are not subject or donor-imposed stipulations. This includes funds that are designated for discretionary use by the Organization and board designated funds functioning as endowments.

Temporarily restricted net assets – net assets subject to donor-imposed stipulations that may or will be met either by actions of the Organization and/or the passage of time. This includes annuity and life income funds, term endowments, the present value of contributions receivable, and earnings on investments.

Permanently restricted net assets – net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. This includes the historical dollar amounts of gifts, the present value of contributions receivable, and earnings required to be added to the corpus as stipulated by the donor.

At June 30, 2017, there were no permanently restricted net assets for the Organization.

United Way of Anderson County

Notes to Financial Statements June 30, 2017

Note 2 – Summary of Significant Accounting Policies, continued

Financial Statement Presentation, continued

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets (i.e. the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

Contributions, including unconditional promises to give, are recognized as revenues in the period received. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value. Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risks involved. Amortization of discounts is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions.

Revenues under Federal and nongovernmental grants and contracts are recognized as expenses are incurred for the grant and contract purposes.

Income and unrealized net gains or losses on investments are reported as follows:

As increase or decreases in permanently restricted net assets if the terms of the gift require that they are added to the principal of a permanent endowment fund;

As increases or decreases in temporarily restricted net assets if the terms of the gift impose restrictions on the use of the income or by law;

As increases or decreases in unrestricted net assets in all other cases.

Cash and Cash Equivalents

The Organization considers all currency and demand deposits with an original maturity of three months or less to be cash equivalents. The Organization places its cash and cash equivalents on deposit with financial institutions in the United States.

During the year ended June 30, 2017, the Organization's cash balances from time to time may have had amounts in excess of insured limits. However, the Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

United Way of Anderson County

Notes to Financial Statements June 30, 2017

Note 2 – Summary of Significant Accounting Policies, continued

Receivables

The Organization records receivables on their books at their estimated net realizable value. An allowance for uncollectible receivables, if any, is estimated based on past experience and on analysis of collectability.

Promises to Give

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using the risk-free interest rates applicable to the years in which the promises are received.

Amortization of the discounts is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met.

The Organization uses the allowance method to estimate uncollectible unconditional promises to give. The allowance is based on management's analysis of specific promises made.

Property and Equipment

Property and equipment are stated at cost at the date of acquisition. Cost for donated assets is stated at the appraised fair market value on the date of donation. Buildings are depreciated using the straight-line method over the estimated useful lives of the respective assets, ranging from 5 to 40 years. Property and equipment is depreciated using the straight-line method over the estimated useful lives of the respective assets, ranging from 5 to 15 years. For the year ended June 30, 2017, depreciation expense was \$21,137.

Maintenance and repairs are charged to expense as incurred.

Income Taxes

The Organization is recognized as an exempt organization exempt from Federal income tax on related income under Section 501(c)(3) of the Internal Revenue Code (the "Code"). Accordingly, only unrelated business income, as defined by Section 513 of the Code, is subject to Federal income tax.

The Organization's policy is to record a liability for any tax position taken that is beneficial to the Organization, including any related interest and penalties, when it is more likely than not the position taken by management with respect to a transaction or class of transactions will be overturned by a taxing authority upon examination. The Organization's open audit periods are 2015-2017. Management believes that there are no such positions as of June 30, 2017 and, accordingly, no liability has been accrued.

United Way of Anderson County

Notes to Financial Statements June 30, 2017

Note 2 – Summary of Significant Accounting Policies, continued

Concentrations of Credit Risk

Financial instruments, which potentially subject the Organization to concentrations of credit risk, consist primarily of investments. The exposure to concentration of credit risk relative to investments is limited due to the Organization's investment objectives and policies, as adopted by its Board of Directors.

Fair Value of Financial Instruments

The carrying values of cash and cash equivalents, accounts receivable, promises to give, accounts payable, accrued liabilities, and line of credit approximate fair value because of the terms and relative short maturity of financial instruments. The carrying values, which are the fair value of investments, are based on values provided by an external investment manager or comparison to quoted market values.

The recorded values of notes payable approximate their fair market values, as interest rates approximates market rates.

Contributed Items and Services

Contributed items and services are recorded at fair value at the date of donation. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions are recorded as unrestricted support. For the year ended June 30, 2017, there were no contributed services meeting the requirements for recognition in the financial statements.

Advertising

Advertising costs are expensed as incurred by the Organization. During the year ended June 30, 2017, advertising expenses were \$9,378.

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 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.

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities and in the Statements of Functional Expenses. Accordingly, all costs have been allocated among the program and supporting services benefited.

United Way of Anderson County

Notes to Financial Statements June 30, 2017

Note 3 – Property and Equipment

Property and equipment at June 30, 2017 consisted of the following:

	June 30, 2016	Additions	Transfers and Disposals	June 30, 2017
Land	\$ 144,897	\$ -	\$ -	\$ 144,897
Buildings	460,000	12,915	-	472,915
Furniture & fixtures	98,146	-	-	98,146
Total property and equipment	703,043	12,915	-	715,958
Less: accumulated depreciation	(76,010)	(21,048)	-	(97,058)
Net property and equipment	\$ <u>627,033</u>	\$ <u>(8,133)</u>	\$ <u>-</u>	\$ <u>618,900</u>

Note 4 - Leases

On March 27, 2017, the Organization leased a copier for sixty months at a monthly payment of \$166. For the year ended June 30, 2017, the total lease expense incurred under this agreement was \$498. The future minimum lease payments are as follows:

<u>Year Ended June 30,</u>	
2018	\$ 1,992
2019	1,992
2020	1,992
2021	1,992
2022	1,992
	\$ <u>9,960</u>

United Way of Anderson County

Notes to Financial Statements June 30, 2017

Note 5 – Note Payable

The following is a summary of the note payable as of June 30, 2017:

The Organization has a mortgage loan with a financial institution for the purchase of a building and land. The loan provides for monthly payments of \$3,575, including interest at 3.75%. The loan matures on July 25, 2020 and a single balloon payment of the unpaid principal and interest will be due on that date. The loan is collateralized by the property.

	\$ 246,435
Less: current portion	34,239
Long-term portion	\$ 212,196

Maturities of the note payable is as follows:

<u>Year ending June 30,</u>	
2018	\$ 34,239
2019	35,545
2020	36,901
2021	139,750
	<u>\$ 246,435</u>

Note 6 – Temporarily Restricted Net Assets

As of June 30, 2017, the Organization's temporarily restricted net assets include donor contributions that have been pledged or received for future years' programs. They also included donor contributions for various specific initiatives, programs and events where the related expense has not been incurred.

Note 7 – Retirement Plan

The Organization has a 401(k) retirement plan that covers all eligible employees. Effective July 1, 2013, employer contributions decreased from 10% to 4% with an additional match up to 2% of employee contributions, providing a potential 6% employer contribution for all eligible employees. Total retirement plan expense for the year ended June 30, 2017 was \$25,981.

United Way of Anderson County

Notes to Financial Statements June 30, 2017

Note 8 – Risk Management

The Organization is exposed to various risks of loss relating to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. To insure against casualty risks, the Organization obtains insurance from commercial insurance carriers for errors and omissions, and physical property loss and natural disasters to its buildings.

The Organization acquires insurance from commercial insurance carriers for job-related injury and illness (worker's compensation) to its employees, medical insurance encompassing health, dental, life and other medical benefits to employees and their dependents.

During the year ended June 30, 2017, the Organization did not experience any significant uninsured claims. Accordingly, there was no liability or expense recorded for actual claims, and management does not believe any provision for unasserted claims is necessary.

Note 9 – Description of Program and Supporting Services

The following program and supporting services are included in the accompanying statements of activities and functional expenses:

Program Services

Community Impact Funding

The Organization's Board of Directors approves funding to various agencies based on the recommendation of the Community Impact Council. The Council makes these recommendations after review of agency requests by the four Vision Councils that address specific needs that have been identified in Anderson County. The Vision Councils include professionals in the area of their Council's address, as well as other community volunteers who express an interest in community problem solving. The Vision Council areas are: developing self-sufficient individuals, strengthening neighborhoods, building strong individuals, children and families, and supporting basic needs.

AmeriCorps Program

The Organization receives a federal grant award through the AmeriCorps State and National program, an initiative of the Corporation for National and Community Service. The grant is provided to assist the Organization in recruiting, training, and supervising AmeriCorps members to address critical community needs in education, public safety, health, and the environment. AmeriCorps members receive a living stipend and other benefits as compensation for their services. AmeriCorps also provides in-kind services for member supervision. These donated services have not been recognized in the statement of activities as they are not required to be recognized by FASB.

United Way of Anderson County

**Notes to Financial Statements
June 30, 2017**

Note 9 – Description of Program and Supporting Services, continued

Organizational Administration

This category includes the functions necessary to secure proper administrative functioning of the Organization's governing board, maintain an adequate working environment, and manage financial responsibilities of the Organization.

Fundraising

This category includes expenditures which provide the structure necessary to encourage and secure private financial support.

Note 10 – Subsequent Events

The Organization has evaluated subsequent events through September 8, 2017, in connection with the preparation of these financial statements which is the date the financial statements were available to be issued.

United Way of Anderson County

Schedule of Functional Expenses Other Program Services Expenses Year Ended June 30, 2017

	AmeriCorps Grant	Initiatives and Programs	Total
Salaries	\$ 98,841	\$ 219,496	\$ 318,337
Living stipend	72,989	-	72,989
Payroll taxes	14,157	19,105	33,262
Employee benefits	13,540	36,320	49,860
	<u>199,527</u>	<u>274,921</u>	<u>474,448</u>
Advertising	463	1,123	1,586
Agency training	1,255	-	1,255
Awards	29	723	752
Dues to affiliates	2,814	6,830	9,644
Equipment rental and repair	1,204	2,831	4,035
Events	3,009	12,633	15,642
Liability insurance	263	639	902
Maintenance and supplies	1,998	4,850	6,848
Meetings	401	4,956	5,357
Membership dues	145	1,431	1,576
Miscellaneous	1,140	1,135	2,275
Mortgage interest	1,378	3,344	4,722
Office supplies	1,957	5,816	7,773
Other insurance	89	216	305
Postage and shipping	377	716	1,093
Printing	869	4,032	4,901
Professional fees	2,539	2,871	5,410
Program supplies	1,747	254,753	256,500
Property insurance	151	368	519
Rent	101	246	347
Staff development	987	2,505	3,492
Staff development travel	10,196	19,152	29,348
Telephone/alarm system	1,140	6,378	7,518
Travel - local	806	5,509	6,315
Utilities	1,238	3,002	4,240
Volunteer development	11	336	347
Total expenses before depreciation	<u>235,834</u>	<u>621,316</u>	<u>857,150</u>
Depreciation	2,213	5,551	7,764
Total expenses	\$ <u>238,047</u>	\$ <u>626,867</u>	\$ <u>864,914</u>