

FINANCIAL STATEMENTS

**UNITED WAY OF MARION AND TAYLOR
COUNTIES, INC.**

December 31, 2018

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
United Way of Marion and Taylor Counties, Inc.
Fairmont, West Virginia

We have audited the accompanying financial statements of United Way of Marion and Taylor Counties, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2018 and 2017, and the related statements of activities, functional expenses, and cash flows for the years 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 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.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Way of Marion and Taylor Counties, Inc. as of December 31, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Conley CPA Group, PLLC

Fairmont, West Virginia
January 31, 2020

STATEMENTS OF FINANCIAL POSITION
UNITED WAY OF MARION AND TAYLOR COUNTIES, INC.
December 31, 2018 and 2017

ASSETS	2018	2017
Current Asset		
Cash	\$ 165,360	\$ 148,279
Certificates of deposit	92,191	44,415
Pledges receivable-net of allowance of \$13,100 – 2018 and \$20,500 – 2017	255,051	194,711
Prepaid expenses	<u>2,261</u>	<u>658</u>
Total Current Assets	<u>514,863</u>	<u>388,063</u>
Fixed Assets		
Furniture and equipment	14,610	14,610
Accumulated depreciation	<u>(14,012)</u>	<u>(13,536)</u>
	<u>598</u>	<u>1,074</u>
Other Assets		
Investments at fair market value	<u>190,508</u>	<u>--</u>
TOTAL ASSETS	<u>\$ 705,969</u>	<u>\$ 389,137</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable and accrued expenses	\$ 5,297	\$ 5,549
Allocations and designations payable	<u>313,923</u>	<u>297,575</u>
Total Current Liabilities	<u>319,220</u>	<u>303,124</u>
Other Liabilities	<u>--</u>	<u>--</u>
Total Liabilities	<u>319,220</u>	<u>303,124</u>
Net Assets		
Without donor restrictions	(112,607)	(101,797)
With donor restrictions	<u>499,356</u>	<u>187,810</u>
Total Net Assets	<u>386,749</u>	<u>86,013</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 705,969</u>	<u>\$ 389,137</u>

The accompanying notes are an integral part of these financial statements.

STATEMENTS OF ACTIVITIES
UNITED WAY OF MARION AND TAYLOR COUNTIES, INC.
Year Ended December 31, 2018

	<u>2018</u>		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Operating Revenue			
Special event income	\$ 123,780	\$ --	\$ 123,780
Campaign results 2018-2019	118,516	247,924	366,440
(Less donor designations)	(25,971)	(1,415)	(27,386)
Campaign results 2017-2018, net	--	(2,340)	(2,340)
Restriction satisfied by payment	<u>184,055</u>	<u>(184,055)</u>	<u>--</u>
Net Campaign Results	<u>400,380</u>	<u>60,114</u>	<u>460,494</u>
Operating Expenses			
Allocations and program services	387,250	--	387,250
(Less estimated donor designations)	(27,386)	--	(27,386)
Fundraising and campaign expenses	60,687	--	60,687
Administration and managerial expenses	27,439	--	27,439
United Way of America dues	<u>4,512</u>	<u>--</u>	<u>4,512</u>
Total Operating Expenses	<u>452,502</u>	<u>--</u>	<u>452,502</u>
Change in Net Assets From Operating Activities	<u>(52,122)</u>	<u>60,114</u>	<u>7,992</u>
Non-Operating Activities			
Interest income	3,429	--	3,429
Unrealized gain (loss) on investments	(12,117)	--	(12,117)
Other contributions	<u>50,000</u>	<u>251,432</u>	<u>301,432</u>
Change in Net Assets from Non-Operating Activities	<u>41,312</u>	<u>251,432</u>	<u>292,744</u>
CHANGE IN NET ASSETS	(10,810)	311,546	300,736
NET ASSETS, BEGINNING OF YEAR	<u>(101,797)</u>	<u>187,810</u>	<u>86,013</u>
NET ASSETS, END OF YEAR	<u>\$ (112,607)</u>	<u>\$ 499,356</u>	<u>\$ 386,749</u>

The accompanying notes are an integral part of these financial statements.

STATEMENTS OF ACTIVITIES
UNITED WAY OF MARION AND TAYLOR COUNTIES, INC.
Year Ended December 31, 2017

	<u>2017</u>		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Operating Revenue			
Special event income	\$ 109,151	\$ --	\$ 109,151
Campaign results 2017-2018	117,195	187,940	305,135
(Less donor designations)	(34,075)	(130)	(34,205)
Campaign results 2016-2017, net	--	16,464	16,464
Restriction satisfied by payment	<u>191,286</u>	<u>(191,286)</u>	<u>--</u>
Net Campaign Results	<u>383,557</u>	<u>12,988</u>	<u>396,545</u>
Operating Expenses			
Allocations and program services	372,574	--	372,574
(Less estimated donor designations)	(34,205)	--	(34,205)
Fundraising and campaign expenses	45,109	--	45,109
Administration and managerial expenses	27,297	--	27,297
United Way of America dues	<u>4,348</u>	<u>--</u>	<u>4,348</u>
Total Operating Expenses	<u>415,123</u>	<u>--</u>	<u>415,123</u>
Change in Net Assets From Operating Activities	<u>(31,566)</u>	<u>12,988</u>	<u>(18,578)</u>
Non-Operating Activities			
Interest income	492	--	492
Unrealized gain (loss) on investment	--	--	--
Other contributions	<u>--</u>	<u>--</u>	<u>--</u>
Change in Net Assets from Non-Operating Activities	<u>492</u>	<u>--</u>	<u>492</u>
CHANGE IN NET ASSETS	(31,074)	12,988	(18,086)
NET ASSETS, BEGINNING OF YEAR	<u>(70,723)</u>	<u>174,822</u>	<u>104,099</u>
NET ASSETS, END OF YEAR	<u>\$ (101,797)</u>	<u>\$ 187,810</u>	<u>\$ 86,013</u>

The accompanying notes are an integral part of these financial statements.

STATEMENTS OF FUNCTIONAL EXPENSES
UNITED WAY OF MARION AND TAYLOR COUNTIES, INC.
Year Ended December 31, 2018

	2018			<u>Total</u>
	<u>Program Services</u>	<u>Fund-Raising</u>	<u>Management & General</u>	
Allocations and Expenses				
Allocations/Awards	\$ 303,447	\$ --	\$ --	\$ 303,447
(Less donor designations)	(27,386)	--	--	(27,386)
Wages, taxes and benefits	50,640	21,970	9,556	82,166
Rent	3,980	1,669	770	6,419
Telephone and internet	2,552	1,070	494	4,116
Insurance	1,211	41	1,688	2,940
Office supplies and expenses	12,276	2,663	5,513	20,452
Travel	260	130	43	433
Professional fees	--	--	9,318	9,318
Depreciation	295	124	57	476
Campaign promotion and fundraising	<u>12,589</u>	<u>33,020</u>	<u>--</u>	<u>45,609</u>
Sub-total	359,864	60,687	27,439	447,990
 United Way of America dues	 <u>--</u>	 <u>4,512</u>	 <u>--</u>	 <u>4,512</u>
 Total Allocations and Expenses	 <u>\$ 359,864</u>	 <u>\$ 65,199</u>	 <u>\$ 27,439</u>	 <u>\$ 452,502</u>

The accompanying notes are an integral part of these financial statements.

STATEMENTS OF FUNCTIONAL EXPENSES
UNITED WAY OF MARION AND TAYLOR COUNTIES, INC.
Year Ended December 31, 2017

	2017			
	<u>Program</u>	<u>Fund-</u>	<u>Management</u>	<u>Total</u>
	<u>Services</u>	<u>Raising</u>	<u>&</u> <u>General</u>	
Allocations and Expenses				
Allocations/Awards	\$ 299,668	\$ --	\$ --	\$ 299,668
(Less donor designations)	(34,205)	--	--	(34,205)
Wages, taxes and benefits	46,750	19,218	9,178	75,146
Rent	3,720	1,560	720	6,000
Telephone and internet	1,533	--	1,674	3,207
Insurance	1,237	79	1,608	2,924
Office supplies and expenses	6,233	2,358	3,848	12,439
Travel	1,021	511	170	1,702
Professional fees	--	--	8,945	8,945
Depreciation	796	334	154	1,284
Campaign promotion and fundraising	<u>11,616</u>	<u>21,049</u>	<u>1,000</u>	<u>33,665</u>
Sub-total	338,369	45,109	27,297	410,775
 United Way of America dues	 <u>--</u>	 <u>4,348</u>	 <u>--</u>	 <u>4,348</u>
 Total Allocations and Expenses	 <u>\$ 338,369</u>	 <u>\$ 49,457</u>	 <u>\$ 27,297</u>	 <u>\$ 415,123</u>

The accompanying notes are an integral part of these financial statements.

STATEMENTS OF CASH FLOWS
UNITED WAY OF MARION AND TAYLOR COUNTIES, INC.
Years Ended December 31, 2018 and 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase (decrease) in net assets	\$ 300,736	\$ (18,086)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used in) operating activities:		
Depreciation	476	1,284
Unrealized gain loss on investments	12,117	
(Increase) decrease in pledge receivables	(60,340)	(978)
(Increase) decrease in prepaid expenses	(1,603)	283
(Decrease) increase in accounts payable and accrued expenses	(252)	1,578
Increase (decrease) in allocations and designations payable	<u>16,348</u>	<u>(20,876)</u>
Net Cash Provided By (Used In) Operating Activities	<u>267,482</u>	<u>(36,795)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of certificates of deposit	(92,191)	(415)
Redemption of certificates of deposit	44,415	--
Purchase of investment securities	<u>(202,625)</u>	<u>--</u>
Net Cash (Used in) Investing Activities	<u>(250,401)</u>	<u>(415)</u>
NET INCREASE (DECREASE) IN CASH & CASH EQUIVALENTS	17,081	(37,210)
CASH & CASH EQUIVALENTS AT BEGINNING OF PERIOD	<u>148,279</u>	<u>185,489</u>
CASH & CASH EQUIVALENTS AT END OF PERIOD	<u>\$ 165,360</u>	<u>\$ 148,279</u>

The accompanying notes are an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS
UNITED WAY OF MARION AND TAYLOR COUNTIES, INC.
December 31, 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The United Way of Marion and Taylor Counties, Inc. (Organization) is a nonprofit organization whose function is to administer the collection and distribution of charitable contributions from the citizens of Marion and Taylor Counties, West Virginia. As such, they are subject to the economic conditions of the Counties. The Organization changed its name from The United Way of Marion County, Inc. to The United Way of Marion and Taylor Counties, Inc. during the year 2019 when the Organization began serving Taylor County.

Basis of Presentation

The financial statements of the Organization have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America. The financial statements are presented in accordance with Financial Accounting Standards Board Accounting Standards Codification (ASC) 958 and the provisions of the American Institute of Certified Public Accountants "Audit and Accounting Guide for Not-for-Profit Organizations" (the "Guide"). ASC 958-205 was effective January 1, 2018.

Under the provisions of the Guide, net assets and revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein 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. The Organization's board may designate assets without restrictions for specific operational purposes from time to time.

Net assets with donor restrictions – Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Contributions are recognized when a donor makes a promise to give to the Organization that is, in substance, unconditional. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
UNITED WAY OF MARION AND TAYLOR COUNTIES, INC.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

Donors have the option to designate their contribution to a specific organization. These transactions are not reported in the statement of activities as revenue and expenses but are included in the total campaign amounts raised and then deducted as donor designations before arriving at net current year contributions. Additionally, the receipt of these designations is deducted from total community allocations to arrive at net community funding for the year. The collection of these contributions and distributions to donor specified agencies or other regional United Way organizations are transactions in which the Organization is acting as an intermediary.

The Organization uses the allowance method to determine unconditional pledges receivable. The allowance for uncollectible pledges receivable is based upon an historical average, applied to gross campaign, excluding donor designations.

Contributions

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions depending on the existence or nature of any donor restrictions. All pledges received as of December 31, 2018 and 2017 are considered to be current receivables.

Investments

Investments are reported at fair value. Unrealized and realized gains and losses are included in the accompanying statements of activities.

Allocations Payable

The Organization allocates pledges to its participating member agencies for the campaign year. These allocations are recognized as a liability when the allocation pledge is established.

Fixed Assets

Fixed assets are recorded at cost, if purchased, or estimated fair market value, if donated, and depreciated over their estimated useful lives. Depreciation is computed on the straight-line method. Expenditures for major renewals and betterments that extend the useful lives of the equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred.

Income Taxes

The Organization is exempt from federal income taxes as a non-profit organization under Section 501(c)(3) of the Internal Revenue Code.

Cash and Cash Equivalents

The Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
UNITED WAY OF MARION AND TAYLOR COUNTIES, INC.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles 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. Estimates such as the allowance for uncollectible pledges, are based upon known facts and circumstances. Estimates are revised by management in the period such facts and circumstances change.

New Accounting Pronouncement

In August 2016, FASB issued ASU 2016-14, *Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Organization has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.

NOTE 2. LIQUIDITY

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

	<u>2018</u>	<u>2017</u>
Cash and certificates of deposit	\$ 257,551	\$ 192,694
Investments, at fair value	190,508	--
Accounts receivable	255,051	194,711
Prepaid expenses and deposits	<u>2,261</u>	<u>658</u>
Total Financial Assets	705,371	388,063
Less amounts restricted by donors with time restrictions	<u>(226,432)</u>	<u>--</u>
Total Amounts Available	<u>\$ 478,939</u>	<u>\$ 388,063</u>

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
UNITED WAY OF MARION AND TAYLOR COUNTIES, INC.

NOTE 3. INVESTMENTS

During 2019, the Organization received a donation from an estate, with restrictions for use in future years. Excess funds were invested with a local brokerage firm. At December 31, 2018 investments consisted of:

	<u>Cost</u>	<u>Fair Value</u>
Cash-Money Market	\$ 9,254	\$ 9,254
Mutual Funds-Stocks	60,737	52,367
Mutual Funds-Bonds	132,634	128,887
Total	<u>\$ 202,625</u>	<u>\$ 190,508</u>

The Organization recorded an unrealized loss of \$12,117 for the year ended December 31, 2018.

NOTE 4. OTHER CONTRIBUTIONS

During the year 2019, the Organization was the beneficiary of two estates. The Organization received \$25,000 from the first estate which had no donor-restrictions. The Organization received \$276,432 from the second estate which restricted an annual usage limit of \$25,000.

NOTE 5. FAIR VALUE

Determination of Fair Value

The Company uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. The fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is best determined based upon quoted market prices. However, in many instances, there are no quoted market prices for the company's various financial instruments. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. Accordingly, the fair value estimates may not be realized in an immediate settlement of the instrument.

The fair value guidance provides a consistent definition of fair value, which focuses on exit price in an orderly transaction (that is, not a forced liquidation or distressed sale) between market participants at the measurement date under current market conditions. If there has been a significant decrease in the volume and level of activity for the asset or liability, a change in valuation technique or the use of multiple valuation techniques may be appropriate. In such instances, determining the price at which willing market participants would transact at the measurement date under current market conditions depends on the facts and circumstances and requires the use of significant judgment. The fair value is a reasonable point within the range that is most representative of fair value under current market conditions.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
UNITED WAY OF MARION AND TAYLOR COUNTIES, INC.

NOTE 5. FAIR VALUE (CONTINUED)

Fair Value Hierarchy

The Company groups its financial assets and financial liabilities generally measured at fair value in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value.

Level 1-Valuation is based on quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Level 1 assets and liabilities generally include debt and equity securities that are traded in an active exchange market. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.

Level 2-Valuation is based on inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly. The valuation may be based on 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 for substantially the full term of the asset or liability.

Level 3-Valuation is based on unobservable inputs that are supported by little or no market activity and 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 determination of fair value requires significant management judgment or estimation.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

The only assets or liabilities measured at fair value are investments. All of the Company's investments at December 31, 2018, are considered Level 1 valuations and are valued based on quoted prices in active markets for identical assets. The carrying amounts reported for pledges receivable, approximate fair value given the short-term nature of the financial instruments based on a non-recurring assessment of fair value.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
UNITED WAY OF MARION AND TAYLOR COUNTIES, INC.

NOTE 6. RESTRICTIONS ON NET ASSETS

Restrictions on net assets are restricted due to a time restriction associated with the collection and use of the funds. Restricted funds at December 31, consists of:

	<u>2018</u>	<u>2017</u>
Net campaign results (for future allocations)	\$ 247,924	\$ 187,810
Estate contribution	<u>251,432</u>	<u>--</u>
Total Temporarily Restricted Net Assets	<u>\$ 499,356</u>	<u>\$ 187,810</u>

The estate contribution may only be used \$25,000 annually until it is depleted.

The Organization has no permanently restricted net assets at December 31, 2018 and 2017.

NOTE 7. LEASE COMMITMENTS

The Organization is currently leasing its office facility on an annual basis that provides for monthly payments of \$500. The current lease term expires November 30, 2019. Rent expense for each of the years ended December 31, 2018 and 2017 was \$6,000.

The Organization received an in-kind contribution of real estate in the fall of 2019 which will be used as their office facility.

NOTE 8. SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through January 31, 2020, the date these financial statements were available to be issued. No material subsequent events have occurred since December 31, 2018, requiring recognition or disclosure.