Tygart Valley United Way, Inc.

Financial Statements and Independent Auditor's Report

June 30, 2021

Ferrari & Associates, PLLC
616 Schubert Place | Morgantown, WV 26505

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Independent Auditor's Report

To the Board of Directors of
Tygart Valley United Way, Inc.
Fairmont, WV 26554

Opinion

We have audited the accompanying financial statements of Tygart Valley United Way, Inc. (a nonprofit organization), which comprise the statement of statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Tygart Valley United, Inc. as of June 30, 2021, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Tygart Valley United Way, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Tygart Valley United Way, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Tygart Valley United Way, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Tygart Valley United Way, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Ferrari & Associates, PLLC

Morgantown, West Virginia
February 17, 2022

Tygart Valley United Way, Inc.
Statement of Financial Position
June 30, 2021

ASSETS		
Current assets:		
Cash and cash equivalents	$	370,257
Pledges receivable-net of allowance of $10,000		31,036
Prepaid expenses		1,834
Total current assets		**403,127**
Property and equipment:		
Land and building		185,000
Furniture, equipment and computers		38,223
Accumulated depreciation		(25,859)
Net property and equipment		**197,364**
Other assets:		
Investments at fair market value		823,533
Total other assets		**823,533**
Total assets	**$**	**1,424,024**
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued expenses	$	15,510
Allocations and designations payable		402,964
Total current liabilities		418,474
Total liabilities		**418,474**
Net assets:		
With donor restrictions		379,254
Without donor restrictions:		
Board designated		30,018
Undesignated		596,278
Total without donor restrictions		626,296
Total net assets		1,005,550
Total liabilities and net assets	**$**	**1,424,024**

Tygart Valley United Way, Inc.
Statement of Activities
For the Year Ended June 30, 2021

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Operating Revenue			
Campaign results 2020-2021	$ 490,942	$ 26,611	$ 517,553
(Less designations)	(37,860)	-	(37,860)
Campaign results 2021-2022	-	9,408	9,408
Campaign results 2019-2020	1,688	-	1,688
Net campaign results	**454,770**	**36,019**	**490,789**
Special event income			
(net of $7,524 direct costs)	88,676	-	88,676
Corporate and government grants	60,843	-	60,843
Program revenue	64,331	166,803	231,134
Net assets released from restrictions	25,000	(25,000)	-
Total revenue and support	**693,620**	**177,822**	**871,442**
OPERATING EXPENSES			
Program services	711,052	-	711,052
(Less designations)	(37,860)	-	(37,860)
Supporting activities:			
Management and general	81,840	-	81,840
Fundraising	32,495	-	32,495
Total operating expenses	**787,527**	**-**	**787,527**
Change in net assets from operating activities	**(93,907)**	**177,822**	**83,915**
NON-OPERATING ACTIVITIES			
Interest income	4,940	-	4,940
Unrealized gain (loss) on investments	9,619	-	9,619
PPP loan forgiveness	20,000	-	20,000
Other contributions	22,628	-	22,628
Change in net assets from non-operating activities	**57,187**	**-**	**57,187**
Change in net assets	**(36,720)**	**177,822**	**141,102**
Net assets - beginning of year	**663,016**	**201,432**	**864,448**
Net assets - end of year	**$ 626,296**	**$ 379,254**	**$ 1,005,550**

Tygart Valley United Way, Inc.
Statement of Functional Expenses
For the Year Ended June 30, 2021

	Program Expenses	Management and General	Fundraising	Total
Expenses				
Allocations/awards	$ 402,500	$ -	$ -	$ 402,500
(Less designations)	(37,860)	-	-	(37,860)
Wages, taxes and benefits	107,584	37,890	16,345	161,819
Telephone and internet	2,646	932	402	3,980
Insurance	1,372	2,059	-	3,431
Office supplies and expenses	32,540	17,313	4,944	54,797
Travel	623	220	95	938
Professional fees	-	8,270	-	8,270
Depreciation	4,877	1,717	741	7,335
Campaign promotion and fundraising	158,910	5,181	9,968	174,059
United Way Worldwide dues	-	8,258	-	8,258
Total expenses	**$ 673,192**	**$ 81,840**	**$ 32,495**	**$ 787,527**

See accompanying notes and independent auditor's report.

Tygart Valley United Way, Inc.
Statement of Cash Flows
For the Year Ended June 30, 2021

Cash flows from operating activities:	
Change in net assets	$ 141,102
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:	
Depreciation	7,335
Investment activity	(14,559)
(Increase) decrease in operating assets:	
Pledge receivables	(26,611)
Increase (decrease) in operating liabilities:	
Accounts payable and accrued expenses	(57)
Allocations and designations payable	(35,427)
Net cash provided (used) by operating activities	**71,783**
Cash flows from investing activities:	
Purchases of investment securities	(100,000)
Redemption of certificates of deposit	43,675
Net cash provided (used) by investing activities	**(56,325)**
Cash flows from financing activities:	
PPP loan (forgiveness)	(20,000)
Net cash provided (used) by financing activities	(20,000)
Net change in cash	**(4,542)**
Cash at beginning of year	**374,799**
Cash at end of year	**$ 370,257**

1. Organization and Nature of Business

The Tygart Valley United Way, Inc. (Organization) is a nonprofit organization whose function is to administer the collection and distribution of charitable contributions from the citizens of Marion, Randolph, Barbour, Tucker 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 and Taylor Counties, Inc. to The Tygart Valley United Way, Inc. during the year 2021 when the Organization merged with the United Way of Randolph County and also added Barbour and Tucker County into its footprint.

2. Summary of Significant Accounting Policies

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting as contemplated by generally accepted accounting principles, and accordingly, reflect all significant receivables, payables, and other liabilities.

Classification of Net Assets

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

Net Assets Without Donor Restrictions: represents net assets that are not subject to or are no longer subject to donor-imposed stipulations. Net assets without donor restriction are available for use by the Organization at the discretion of the Board of Directors.

Net Assets With Donor Restrictions: represents net assets subject to stipulations imposed by donors. Some donor restrictions are temporary in nature, those whose use is limited by donor-imposed time and/or purpose restrictions. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. Restricted contributions whose conditions are met in the same year as received are recognized as net assets without donor restrictions.

Revenues are reported as increases in net assets without donor restriction unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restriction. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of donor restrictions on the 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.

Pledges and Contributions

Unconditional pledges and promises to give are recognized as revenue and included in receivables in the period the promise is given. Such unconditional promises to give are recorded at net realizable value if expected to be collected in one year and at fair value if expected to be collected in more than one year.

Donors have the option to designate their contribution to a specific organization. These transactions are not reported in the statement of activities as revenue or 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.

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.

Functional Expenses

The costs of providing program and supporting activities have been presented on a functional basis in the statement of functional expenses and are summarized in the statement of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses are charged to program or supporting activities as incurred or allocated using a statistical basis.

Compensated Absences

In accordance with FASB Codification Section 710 *Compensation*, amounts accrued for future absences includes amounts that are attributable to the employees' services already rendered, and only amounts that may be carried forward to periods subsequent to that in which they were earned.

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 report amounts of revenues and expenses during the reporting period. Estimates such as allowance for uncollectible pledges, are based upon known facts and circumstances. Estimates are revised by management in the period such fact and circumstances change.

3. Concentration of Risk

The Organization maintains its cash accounts in financial institutions located in West Virginia. The balances are insured by the Federal Deposit Insurance Corporation up to $250,000. The Organization's cash balances at various times throughout the year may be in excess of amounts insured; however, the Organization monitors its cash balances thereby mitigating its exposure to concentrations of credit risk.

The vast majority of pledges receivable are from individuals and corporations located in Marion, Randolph, Taylor, Barbour and Tucker Counties in West Virginia. The ability to collect these pledges could be affected by the future economic conditions in these counties and surrounding area.

4. Liquidity and Availability of Financial Assets

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

	2021
Cash	$ 370,257
Investments, at fair market value	823,533
Pledges receivable	31,036
Total financial assets	1,224,826
Less:	
Restrictions by donors	409,272
Financial assets available to meet cash needs for general expenditures within one year	$ 815,554

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

5. Fair Value Measurements

FASB Codification Section 825 (ASC 825) *Financial Instruments* permits an entity to elect fair value as the initial and subsequent measurement attribute for certain financial statement assets and liabilities. Entities electing the fair value option would be required to recognize changes in fair value earnings. The adjustment to reflect the difference between fair value and the carrying amount is accounted for as cumulative effect adjustment to net assets as of the date of the adoption. The adoption of this pronouncement did not have an effect on the Organization's financial statements. The Organization did not elect the fair value methodology permitted under ASC 825 for any financial instrument or other item that is not currently required to be measured at fair value.

FASB Codification Section 820 (ASC 820) *Fair Value Measurements and Disclosures* defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. Under ASC 820, various inputs are used in determining the fair value of assets and liabilities. These inputs are summarized in a hierarchy that segregates fair value measurement in the three levels (levels 1, 2, and 3), determined by the nature of input as follows:

- Level 1 – Quoted prices for identical assets or liabilities in active markets that the reporting entity has the ability to access at the measurement date. Level 1 assets and liabilities may include debt and equity securities that are traded in an active exchange, including over-the-counter markets, and that are highly liquid.

- Level 2 – 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 date for substantially the full term of the assets or liabilities.

- 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.

The following table summarized the Organization's fair value measurements for investments in accordance with authoritative guidance at June 30, 2021.

	June 30, 2021			
	Level 1	Level 2	Level 3	Total
Cash and equivalents	$ 203,823	$ -	$ -	$ 203,823
Fixed income securities	-	280,034	-	280,034
Common stock		378,901		378,901
Mutual funds	-	224,750	-	224,750
Total	$ 203,823	$ 619,710	$ -	$ 823,533

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 Organization's investments at June 30, 2021 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.

6. Investments

Investments were comprised of the following at June 30, 2021.

	Cost	Fair value	Cumulative Net Unrealized Gains / (Losses)
Cash and cash equivalents	$ 203,823	$ 203,823	$ -
Mutual funds	186,485	224,750	38,265
Common stock	216,009	378,901	162,892
Fixed income securities	14,991	16,059	1,068
Total	$ 621,308	$ 823,533	$ 202,225

Interest and dividend income is recorded when earned. Realized gains and losses are recorded as the difference between historical cost and fair value when an investment is sold. Unrealized gains and losses are recorded as the change in fair value of investments.

7. Property and Equipment

Property and equipment are summarized as follows:

		2021
Land and building	$	185,000
Furniture, equipment and computers		38,223
Total property and equipment		223,223
Less:		
Accumulated depreciation		(25,859)
Property and equipment, net	$	197,364

Property and equipment costing, or having a fair value of more than $500 when acquired is capitalized and depreciated over the useful life of the asset. Land is not depreciated, buildings are depreciated over 40 years and furniture, equipment and computers is depreciated over 5-10 years.

8. 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 June 30, consists of:

		2021
Net campaign results (for future allocations)	$	36,019
Flipside afterschool contribution		166,803
Estate contribution		176,432
Total temporarily restricted net assets		379,254

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

The Organization has no permanently restricted net assets at June 30, 2021.

9. Subsequent Events

The spread of the novel coronavirus (COVID-19) has severely impacted many local economies around the world. In many countries, businesses and organizations are being forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Governments and financial institutions have responded with monetary and fiscal interventions to try to stabilize economic conditions. The Organization has determined that these events are non-adjusting subsequent events. Accordingly, net assets and changes in net assets for the year ended June 30, 2021 have not been adjusted to reflect their impact. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and financial responses remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the net assets and results of the Organization for future periods.

The Organization evaluated subsequent events through February 17, 2022, which is the date the financial statements were available to be issued.

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