

UNITED WAY OF THE PIEDMONT, INC.
FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

UNITED WAY OF THE PIEDMONT, INC.

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The Board of Directors
United Way of the Piedmont, Inc.
Spartanburg, South Carolina

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of United Way of the Piedmont, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 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 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 Piedmont, Inc. as of June 30, 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.

Other Matter

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental schedule of functional expenses (overhead) calculation 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.

A handwritten signature in cursive script that reads "McAbee, Schwartz, Halliday & Co.".

Spartanburg, South Carolina
October 22, 2018

UNITED WAY OF THE PIEDMONT, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2018 AND 2017

Assets

	2018	2017
Cash and equivalents	\$ 588,221	\$ 505,283
Pledges receivable - net	2,853,370	2,842,550
Other receivables	72,312	17,270
Prepaid expense	44,949	38,779
Investments	968,816	917,918
Fixed assets - net	41,867	48,610
Intangible assets - net	33,250	1,250
Loan receivable	104,000	104,000
Total Assets	\$ 4,706,785	\$ 4,475,660

Liabilities and Net Assets

Allocations and Designations Payable	\$ 793,155	\$ 807,283
Accounts Payable	51,805	28,013
Accrued Expenses	3,210	3,191
Deferred Revenue	188,959	187,424
Total Liabilities	1,037,128	1,025,911
Net Assets		
Unrestricted		
Undesignated	1,735,864	1,609,244
Total unrestricted	1,735,864	1,609,244
Temporarily restricted		
Annual campaign designated for future period	1,933,793	1,840,505
Total Net Assets	3,669,657	3,449,749
Total Liabilities and Net Assets	\$ 4,706,785	\$ 4,475,660

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

UNITED WAY OF THE PIEDMONT, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

	Unrestricted	Temporarily Restricted	Total
Public support and revenue			
Gross campaign results	\$ -	\$ 4,990,454	\$ 4,990,454
Less: Provision for uncollectible accounts	-	(212,211)	(212,211)
Amounts raised on behalf of others	-	(821,552)	(821,552)
Service fees	-	(89,105)	(89,105)
Net campaign revenue	-	3,867,586	3,867,586
Gifts in kind	26,171,159	-	26,171,159
Total public support	26,171,159	3,867,586	30,038,745
Other revenue (expenses)			
Grant income	292,888	-	292,888
Investment income	510	-	510
Unrealized gain (loss) on investments	60,505	-	60,505
Designations from other United Ways	65,489	-	65,489
Other	446,123	-	446,123
Service fees	52,074	-	52,074
Total other revenue (expenses)	917,589	-	917,589
Net assets released from restriction	3,774,298	(3,774,298)	-
Total public support and revenue	30,863,046	93,288	30,956,334
Expenses			
Program services			
Gross funds awarded/distributed	3,266,705	-	3,266,705
(Less donor designations)	(728,306)	-	(728,306)
Net funds awarded/distributed	2,538,399	-	2,538,399
Community investment process	152,211	-	152,211
Community engagement/education	399,687	-	399,687
Gifts in Kind Kind Center	261,670	-	261,670
Imagination Library	7,048	-	7,048
Community partnerships	107,569	-	107,569
Behavioral health	28,218	-	28,218
Financial stability	164,339	-	164,339
Retired Senior Volunteer Program	87,793	-	87,793
VISTA Program	54,247	-	54,247
AmeriCorps Program	300,072	-	300,072
Gifts in Kind	26,171,159	-	26,171,159
Total program services	30,272,412	-	30,272,412
Supporting services			
Fundraising	199,523	-	199,523
Management and general	264,491	-	264,491
Total support services	464,014	-	464,014
Total expenses	30,736,426	-	30,736,426
Change in Net Assets	126,620	93,288	219,908
Net Assets, Beginning	1,609,244	1,840,505	3,449,749
Net Assets, Ending	\$ 1,735,864	\$ 1,933,793	\$ 3,669,657

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

UNITED WAY OF THE PIEDMONT, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

	Unrestricted	Temporarily Restricted	Total
Public support and revenue			
Gross campaign results	\$ -	\$ 4,898,707	\$ 4,898,707
Less: Provision for uncollectible accounts	-	(209,699)	(209,699)
Amounts raised on behalf of others	-	(910,840)	(910,840)
Service fees	-	(97,157)	(97,157)
Net campaign revenue	-	3,681,011	3,681,011
Gifts in kind	22,850,918	-	22,850,918
Total public support	22,850,918	3,681,011	26,531,929
Other revenue (expenses)			
Grant income	239,408	-	239,408
Investment income	918	-	918
Recovery of prior pledges	281	-	281
Unrealized gain (loss) on investments	83,906	-	83,906
Designations from other United Ways	77,637	-	77,637
Other	381,136	-	381,136
Service fees	44,788	-	44,788
Total other revenue (expenses)	828,074	-	828,074
Net assets released from restriction	3,688,734	(3,688,734)	-
Total public support and revenue	27,367,726	(7,723)	27,360,003
Expenses			
Program services			
Gross funds awarded/distributed	3,233,961	-	3,233,961
(Less donor designations)	(620,621)	-	(620,621)
Net funds awarded/distributed	2,613,340	-	2,613,340
Community investment process	126,887	-	126,887
Community engagement/education	492,339	-	492,339
Gifts in Kind Center	281,064	-	281,064
Imagination Library	19,944	-	19,944
Community partnerships	123,813	-	123,813
Behavioral health	26,879	-	26,879
Financial stability	76,259	-	76,259
Retired Senior Volunteer Program	100,711	-	100,711
VISTA Program	48,806	-	48,806
AmeriCorps Program	19,514	-	19,514
Gifts in Kind	22,850,918	-	22,850,918
Total program services	26,780,474	-	26,780,474
Supporting services			
Fundraising	175,911	-	175,911
Management and general	233,183	-	233,183
Total support services	409,094	-	409,094
Total expenses	27,189,568	-	27,189,568
Change in Net Assets	178,158	(7,723)	170,435
Net Assets, Beginning	1,431,086	1,848,228	3,279,314
Net Assets, Ending	\$ 1,609,244	\$ 1,840,505	\$ 3,449,749

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

UNITED WAY OF THE PIEDMONT, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2018

	Program Services											Support Services			
	Community Investment Process	Community Engagement /Education	Gifts in Kind Center	Imagination Library	Community Partnerships	Behavioral Health	Financial Stability	Retired Senior Volunteer Program	Vista Program	AmeriCorps Program	Total Program Services	Fundraising	Management and General	Total Support Services	
Salaries	\$ 84,405	\$ 210,429	\$ 113,429	\$ 4,440	\$ 70,953	\$ 13,551	\$ 87,194	\$ 41,788	\$ 23,432	\$ 183,006	\$ 832,627	\$ 117,624	\$ 155,921	\$ 273,545	
Payroll taxes	7,135	17,006	8,633	377	5,987	1,135	7,396	4,109	2,065	14,086	67,929	10,209	13,553	23,742	
Health insurance	5,312	19,551	8,756	280	3,704	769	8,325	3,415	2,805	12,910	65,827	7,182	9,521	16,703	
Retirement	1,974	5,298	4,535	104	1,376	286	2,174	1,515	1,098	5,173	23,533	2,669	3,538	6,207	
Total salaries and related expenses	98,826	252,284	135,353	5,201	82,020	15,741	105,089	50,827	29,400	215,175	989,916	137,684	182,513	320,197	
Professional fees	18,209	34,444	14,964	544	7,206	3,246	24,398	6,790	2,991	23,354	136,146	18,335	24,304	42,639	
Supplies	3,831	4,634	6,441	25	386	70	717	368	203	3,230	19,875	1,064	1,411	2,475	
Telephone	966	12,972	3,591	51	674	140	1,710	1,271	300	2,097	23,772	1,306	1,732	3,038	
Printing	193	6,733	262	40	519	1,728	201	137	56	419	10,288	5,096	6,756	11,852	
Postage	3,117	5,037	561	47	367	54	390	1,035	134	814	11,556	914	1,212	2,126	
Training	1,604	2,422	159	6	146	652	1,194	383	1,551	1,005	9,132	431	572	1,003	
Business development	234	4,005	3,554	29	1,651	2,559	1,005	1,821	1,556	1,180	17,594	2,734	3,625	6,359	
Public relation events	7,006	15,903	6,035	234	3,395	645	11,643	2,578	1,289	9,668	58,396	6,024	7,986	14,010	
Public relation supplies	22	130	29	1	15	35	23	13	6	47	321	29	39	68	
Insurance	977	2,622	6,509	51	661	141	1,015	899	283	5,737	18,915	1,321	1,750	3,071	
Occupancy	4,560	16,729	61,633	240	3,180	660	4,740	6,930	1,320	9,901	109,893	6,167	8,174	14,341	
Equipment	1,852	5,802	7,514	97	1,282	268	2,518	1,072	536	4,021	24,972	2,608	3,458	6,066	
Transportation	2,286	11,371	3,626	47	945	1,216	1,760	9,305	7,600	3,427	41,583	4,344	5,759	10,103	
Membership fees	2,658	5,560	2,605	86	1,135	236	1,992	1,043	567	7,584	23,466	3,712	4,921	8,633	
Miscellaneous	140	556	190	7	98	20	146	81	4,841	305	6,384	213	282	495	
Advertising	301	397	200	56	103	21	154	86	43	321	1,682	200	265	465	
United Way Worldwide dues	3,870	10,388	5,245	204	2,699	560	4,023	2,241	1,120	8,402	38,752	5,233	6,937	12,170	
Total expense before depreciation	150,652	391,989	258,471	6,966	106,482	27,992	162,718	86,890	53,796	296,687	1,542,643	197,415	261,696	459,111	
Depreciation and amortization	1,559	7,698	3,199	82	1,087	226	1,621	903	451	3,385	20,211	2,108	2,795	4,903	
Total operating expenses	152,211	399,687	261,670	7,048	107,569	28,218	164,339	87,793	54,247	300,072	1,562,854	199,523	264,491	464,014	
Allocations and awards	3,158,781	25,059	-	-	-	60,000	22,865	-	-	-	3,266,705	-	-	-	
Less: donor designations	(728,306)	-	-	-	-	-	-	-	-	-	(728,306)	-	-	-	
Total allocations and awards	2,430,475	25,059	-	-	-	60,000	22,865	-	-	-	2,538,399	-	-	-	
Gifts in kind	5,890	-	26,165,269	-	-	-	-	-	-	-	26,171,159	-	-	-	
Total expenses	\$2,588,576	\$ 424,746	\$26,426,939	\$ 7,048	\$ 107,569	\$ 88,218	\$187,204	\$ 87,793	\$ 54,247	\$ 300,072	\$30,272,412	\$ 199,523	\$ 264,491	\$464,014	
														\$ 1,106,172	
														23,742	
														16,703	
														6,207	
														1,310,113	
														178,785	
														22,350	
														26,810	
														22,140	
														13,682	
														10,135	
														23,953	
														72,406	
														389	
														21,986	
														124,234	
														31,038	
														51,686	
														32,099	
														6,879	
														2,147	
														50,922	

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

UNITED WAY OF THE PIEDMONT, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2017

	Program Services										Support Services			
	Community Investment Process	Community Engagement /Education	Gifts in Kind Center	Imagination Library	Community Partnerships	Behavioral Health	Financial Stability	Retired Senior Volunteer Program	VISTA Program	AmeriCorps Program	Total Program Services	Fundraising	Management and General	Total Support Services
Salaries	\$ 67,007	\$ 267,086	\$ 125,433	\$ 11,011	\$ 77,709	\$ 13,664	\$ 43,452	\$ 45,263	\$ 23,437	\$ 9,691	\$ 683,743	\$ 99,426	\$ 131,797	\$ 914,966
Payroll Taxes	6,047	23,062	9,535	1,000	6,851	1,150	3,888	4,736	2,060	763	59,102	8,894	11,790	79,786
Health Insurance	5,109	24,987	10,972	897	5,221	897	3,700	4,093	1,878	949	58,703	7,356	9,752	75,811
Retirement	1,955	8,083	5,611	343	1,998	343	1,416	1,502	719	311	22,281	2,815	3,731	28,827
Total salaries and related expenses	80,118	323,218	151,551	13,251	91,779	16,054	52,466	55,584	28,094	11,714	823,829	118,491	157,070	1,099,390
Professional Fees	17,946	42,434	18,164	1,630	9,488	1,630	6,724	7,640	3,413	1,477	110,546	18,661	24,737	153,944
Supplies	2,994	4,405	6,915	227	631	510	594	1,484	485	185	18,430	515	682	19,627
Telephone	906	15,428	4,026	159	926	159	649	932	333	244	23,762	1,307	1,732	26,801
Printing	484	6,739	891	380	928	152	350	688	178	77	10,867	5,964	7,906	24,737
Postage	2,776	2,703	854	1,175	440	75	308	610	184	68	9,193	1,255	1,664	12,112
Training	1,635	272	56	5	31	565	22	724	2,213	5	5,528	78	104	5,710
Business Development	342	5,231	2,915	81	566	4,267	577	1,735	439	74	16,227	1,682	2,230	20,139
Public Relation Events	3,387	16,575	6,124	584	3,397	746	2,408	2,803	1,232	529	37,785	4,787	6,345	48,917
Public Relation Supplies	40	219	73	7	41	7	29	31	15	6	468	58	76	602
Insurance	875	3,617	7,321	154	894	154	634	1,196	322	303	15,470	1,260	1,670	2,930
Occupancy	4,442	21,658	61,618	738	4,284	738	3,044	7,146	1,545	982	106,205	6,051	8,020	14,071
Equipment	1,684	4,525	2,150	153	889	153	630	668	320	138	11,310	1,293	1,713	3,006
Transportation	1,240	10,664	3,332	138	1,990	370	2,622	13,481	2,222	224	36,283	2,431	3,223	41,937
Membership Fees	2,242	7,248	2,776	265	1,540	265	1,091	1,628	554	240	17,849	2,926	3,878	24,653
Miscellaneous	102	649	189	18	263	55	74	79	4,638	2,357	8,444	147	196	8,787
Advertising	136	606	65	6	36	6	26	27	13	6	927	1,031	1,366	3,324
United Way Worldwide dues	3,746	15,489	6,902	658	3,829	658	2,713	2,878	1,377	596	38,846	5,394	7,150	51,390
Total expense before depreciation	125,095	481,680	275,922	19,629	121,982	26,564	74,961	99,334	47,577	19,225	1,291,969	173,331	229,762	1,695,062
Depreciation and amortization	1,792	10,659	5,142	315	1,831	315	1,298	1,377	1,229	289	24,247	2,580	3,421	30,248
Total operating expenses	126,887	492,339	281,064	19,944	123,813	26,879	76,259	100,711	48,806	19,514	1,316,216	175,911	233,183	1,725,310
Allocations and awards	3,149,749	17,498	-	-	-	53,714	13,000	-	-	-	3,233,961	-	-	3,233,961
Less: donor designations	(620,621)	-	-	-	-	-	-	-	-	-	(620,621)	-	-	(620,621)
Total allocations and awards	2,529,128	17,498	-	-	-	53,714	13,000	-	-	-	2,613,340	-	-	2,613,340
Gifts in Kind	6,022	-	22,843,186	-	-	-	-	1,710	-	-	22,850,918	-	-	22,850,918
Total expenses	\$2,662,037	\$ 509,837	\$23,124,250	\$ 19,944	\$ 123,813	\$ 80,593	\$ 89,259	\$102,421	\$ 48,806	\$ 19,514	\$26,780,474	\$ 175,911	\$ 233,183	\$409,094
														\$27,189,568

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

UNITED WAY OF THE PIEDMONT, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

	2018	2017
Cash Flows from Operating Activities		
Reconciliation of change in net assets to net cash provided by operating activities:		
Change in net assets	\$ 219,908	\$ 170,435
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	24,398	30,248
(Gain) Loss on disposal of equipment	(344)	850
Unrealized (gain)/loss on investments	(50,898)	(75,113)
(Increase) decrease in assets		
Pledges receivable	(10,820)	(153,562)
Other receivables	(55,042)	1,176
Prepaid expenses	(6,170)	2,908
Intangible assets	(32,000)	-
Increase (decrease) in liabilities		
Designations due to beneficiaries	(14,128)	35,937
Accounts payable	23,792	43,110
Accrued expense	19	1,085
Deferred revenue	1,535	35,694
Net cash provided by operating activities	100,249	92,768
Cash Flows from Investing Activities		
Purchase of equipment	(17,311)	(13,092)
Net cash used by investing activities	(17,311)	(13,092)
Net increase in cash and cash equivalents	82,938	79,676
Cash and Cash Equivalents at Beginning of Year	505,283	425,607
Cash and Cash Equivalents at End of Year	\$ 588,221	\$ 505,283

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

UNITED WAY OF THE PIEDMONT, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

United Way of the Piedmont, Inc. (United Way) is a not-for-profit corporation whose mission is to connect, engage, and inspire people to transform our community. United Way was formed in 1936 and is governed by a volunteer board of directors which is made up of approximately 25-34 members who serve terms ranging from one to six years. United Way of the Piedmont, Inc. is committed to compliance with United Way Worldwide Standards of Excellence.

United Way's primary fundraising efforts are through workplace campaigns and community appeals. United Way provides opportunities for people throughout Spartanburg, Cherokee, and Union counties to give of their financial resources, volunteer their time, and advocate for causes that are important to the community. All of United Way's community efforts are rooted in the established priorities of Education, Financial Stability, and Health.

Campaigns are conducted year-round to support programs primarily in the subsequent fiscal year. Campaign contributions are used primarily to support a variety of health and human service programs and to pay United Way's operating expenses. Not-for-profit organizations may receive funding either through the Community Investment Process (CIP) or via donor designation.

Unrestricted donations to United Way are distributed throughout Spartanburg, Cherokee and Union Counties through the CIP. United Way's Community Impact agenda includes 3 priority areas in which not-for-profit organizations may submit program funding requests. Unrestricted dollars are divided among these priority areas by United Way's Community Impact Committee and the Board of Directors, based on community needs and input from United Way's donor base. Approximately one hundred volunteers participate in community investment councils to evaluate funding applications within each priority area. Information regarding the program's structure, measurable outcomes, plans for improvement, and customer feedback are key components in determining program funding levels. Each council makes a set of funding recommendations for their assigned priority area to the Community Impact Committee which in turn submits final recommendations for Board approval. Distribution of these funds are made in equal monthly payments.

Donors may choose to designate their pledges directly to any specific not-for-profit organization. United Way verifies the organization's tax-exempt status prior to disbursement. In addition, these organizations are required to provide a Patriot Act Compliance form annually. Organizations receiving payroll deduction donor-designated funds are notified by United Way in the fall following the close of the previous year's campaign. These funds are distributed from October to June. United Way of the Piedmont is required by United Way Worldwide to report and transmit cash donations to designated organizations in October, February and April of the campaign year. A final reporting and transmittal of all cash donations through the end of the fiscal year is done in July.

Basis of Accounting

The financial statements of United Way have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities. United Way reports information regarding its financial position and activities according to three classes of net assets, unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

UNITED WAY OF THE PIEDMONT, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Use of 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 in the financial statements and notes to the financial statements. Actual results could differ from those estimates. The primary estimates used in the preparation of the financial statements include the collectability of pledges receivables and the allocation of functional expenses among functional categories.

Cash and Cash Equivalents

For purposes of the statement of cash flows, United Way considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Pledges Receivable

Pledges receivable are recognized as revenue in the period the pledge is received. For the years ended June 30, 2018 and 2017, an allowance for uncollectible pledges has been reserved based on past collection results. Uncollected pledges receivables are written off after three years.

Promises to give - Unconditional promises to give, less an allowance for uncollectible amounts, are recognized as revenues in the period received, which is defined as the completion of the internal audit of the campaign packages, and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Donor choice amounts are considered to be agency transactions and thus, are exempt from recognition. However, United Way has chosen an optional presentation for the statement of activities which reports total campaign efforts, including donor choice amounts, and then subtracts the amounts raised on behalf of others, i.e., the donor choice amounts, to come to a total for contributions received as revenues.

Investments

Investments are stated at the readily determinable fair market value in accordance with the *Not-for-Profit Entities* topic of the FASB Accounting Standards Codification. All interest, dividends and realized and unrealized gains are reported in the statement of activities as increases or decreases in unrestricted net assets unless their use is temporarily or permanently restricted by explicit donor stipulations or by law.

Financial Instruments

United Way's financial instruments consist of cash, investments, accounts receivable, accounts payable and other accrued liabilities. It is management's opinion that United Way is not exposed to significant interest rate or credit risk arising from these instruments. Unless otherwise noted, the fair value of these financial instruments is their market value which approximates their carrying value.

UNITED WAY OF THE PIEDMONT, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Fair Value Measurements

The fair value of financial assets and liabilities is measured according to the *Fair Value Measurements and Disclosures* topic of the FASB Accounting Standards Codification. Fair value is required to be evaluated and adjusted according to the following valuation techniques.

Level 1 – Fair value is determined using quoted market prices in active markets for identical assets and liabilities.

Level 2 – Fair value is determined using quoted market prices in active markets for similar assets and liabilities, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant inputs are observable in the market for substantially the full term of the assets or liabilities.

Level 3 – Fair value is determined using inputs that are generally unobservable and typically reflect management's estimates of assumptions that market participants would use in pricing the asset or liability. The market for assets and liabilities using level 3 measures is typically inactive.

United Way of the Piedmont's assets and liabilities are reported at fair value in the accompanying balance sheet.

The carrying amount of other assets and liabilities, including cash, accounts receivable, accounts payable and accrued liabilities, approximate their fair value due to the short-term maturities of these instruments.

Fixed Assets

Fixed assets with estimated useful lives greater than one year and a value greater than \$1,000 are recorded at cost, if purchased, or fair value if donated. Depreciation is calculated on the straight-line method over the estimated useful lives of the assets, which range from five to ten years.

Support and Revenue

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. If a restriction is fulfilled in the same time period in which the contribution is received, United Way reports the support as unrestricted. Otherwise, when a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Deferred Revenue

United Way of the Piedmont applies an administrative processing fee related to designations to recipient agencies specified by donors. The amount of the processing fees is recorded as revenue and is withheld from the amount that the United Way disburses to the recipient agencies. Deferred revenue of \$188,959 and \$187,424 represents cost reimbursements on designations that are payable at December 31, 2018 and 2017, respectively.

UNITED WAY OF THE PIEDMONT, INC.
NOTES TO FINANCIAL STATEMENTS – Continued
JUNE 30, 2018 AND 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Program Services

United Way uses contributions received from public support to fund certain programs within the organization. Those programs are:

GIVE

- *Community Investment Process* - United Way of the Piedmont's internal program utilizing volunteers and staff to allocate charitable contributions to programs provided by not for profit organizations that meet established standards.
- *Gift in Kind Center* – a program to distribute products donated by national retailers to non-profit organizations. A low-cost membership is offered to these non-profit organizations that provide assistance to the ill, needy, youth, or otherwise disadvantaged.

ADVOCATE

- *2-1-1/Information Referral* – a program designed to assist people in need by referring them to the appropriate community service organization. United Way contracts with the United Way Association of South Carolina to provide a free, 24 hour/day hotline available by dialing 2-1-1.
- *Community Education* – an educational program designed to inform area citizens about human service issues, volunteer opportunities and local resources.
- *Imagination Library* – a program that registers children up to five years old whose parents live and/or work in Spartanburg and Union Counties. Each child receives a free age appropriate book delivered by mail each month.
- *Financial Stability Initiative* – collaborative effort of nonprofits, businesses, governments, and others focused on increasing individual self-sufficiency in Spartanburg, Cherokee, and Union counties, thereby decreasing rates of poverty. Established goal to move 2,000 families toward self-sufficiency in 2,000 days.
- *Behavioral Health* – collaboration of organizations linked to individuals in Spartanburg County living with mental illness and/or addiction. Focused on identifying and implementing strategies to increase access to care while also pinpointing more “upstream” approaches that could prevent behavioral health issues.

VOLUNTEER

- *Retired and Senior Volunteer Program* – a program in partnership with the Corporation of National and Community Service, enlists older adults and retirees to serve as volunteers in their communities.
- *Americorps VISTA* – a national service program, managed by the Corporation for National and Community Service, that works with community agencies to assist local efforts in alleviating poverty.

UNITED WAY OF THE PIEDMONT, INC.
NOTES TO FINANCIAL STATEMENTS – Continued
JUNE 30, 2018 AND 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Program Services - continued

- *Volunteer Income Tax Assistance* – a program supported by the IRS that provides families with household income less than \$56,000 with free federal and state income tax preparation by IRS certified volunteers. Many low income families are reluctant to file income tax returns due to the preparation fees. By providing this service to them at no cost, we enable them to make good use of all the money owed to them according to federal and state law.
- *Volunteer Connections* – a program to serve as a referral center for people interested in serving as a volunteer in local human service organizations. Volunteers are recruited, screened and referred to appropriate community organizations that are dependent upon volunteers.

Support Services

Support services include all costs related to fund raising, public relations and management and general expenses.

Functional Expenses

Expenses are charged to each program based on direct expenditures incurred. Any program expenditures not directly chargeable are allocated to programs based on the annual time study method recommended by United Way Worldwide in its publication, *Functional Expense and Overhead Reporting Standards for United Ways* (Effective 7/1/04).

Expenses included in management and general on the statement of activities represent only expenses related to management functions that are core operations of United Way and should not be allocated to programs. General and administrative expenses that represent indirect costs of program operations have been allocated among programs based upon the annual time study method recommended by United Way Worldwide in its publication, *Functional Expense and Overhead Reporting Standards for United Ways* (effective 7/1/2004).

Gifts in Kind and Donated Services

Gifts in kind and donated services meeting the criteria for recognition in the financial statements are reflected in the financial statements as non-cash contributions at their estimated value on the date of receipt.

In addition to the amounts recorded as revenue and expense in the financial statements, volunteers have donated significant amounts of time assisting United Way with fundraising, special projects, and provision of program services. These contributed services do not meet the criteria for recognition in the financial statements.

UNITED WAY OF THE PIEDMONT, INC.
NOTES TO FINANCIAL STATEMENTS – Continued
JUNE 30, 2018 AND 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Income Taxes

United Way of the Piedmont, Inc. is exempt from income tax under Section 501(c)(3) of the U.S. Internal Revenue Code. Accordingly, no provision or liability for income tax has been included in these financial statements.

United Way has analyzed its tax positions taken for filings with the Internal Revenue Service. It believes that its tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect on the financial condition, results of operations, or cash flows. The United Way's tax returns are generally subject to examination by the Internal Revenue Service for a period of three years from the date filed.

NOTE 2 – CASH AND EQUIVALENTS

The carrying amount of United Way's cash deposits was \$587,721 and \$505,283 as June 30, 2018 and 2017, respectively. At June 30, 2018 and 2017, United Way had a bank balance of \$644,112 and \$536,441, respectively. Amounts in these accounts may exceed federally insured limits. United Way believes it is not exposed to a significant credit risk on these accounts.

NOTE 3 – PLEDGES RECEIVABLE

Pledges receivable consists of contribution pledges made to United Way by individuals and businesses located primarily in upstate South Carolina. Collections of net pledges are anticipated as follows:

	Pledges Receivable	Allowance for Uncollectibles	Net Pledge Receivables
2015-2016 Campaign	\$ 1,541	\$ -	\$ 1,541
2016-2017 Campaign	418,478	201,421	217,057
2017-2018 Campaign	<u>2,844,889</u>	<u>210,117</u>	<u>2,634,772</u>
Balance as of June 30, 2018	<u>\$ 3,264,908</u>	<u>\$ 411,538</u>	<u>\$ 2,853,370</u>
2015-2016 Campaign	\$ 402,947	\$ 200,556	\$ 202,391
2016-2017 Campaign	<u>2,847,333</u>	<u>207,174</u>	<u>2,640,159</u>
Balance as of June 30, 2017	<u>\$ 3,250,280</u>	<u>\$ 407,730</u>	<u>\$ 2,842,550</u>

UNITED WAY OF THE PIEDMONT, INC.
NOTES TO FINANCIAL STATEMENTS – Continued
JUNE 30, 2018 AND 2017

NOTE 4 – INVESTMENTS AT SPARTANBURG COUNTY FOUNDATION

Investments at June 30, 2018 and 2017, include \$968,816 and \$917,918 respectively, held and managed by the Spartanburg County Foundation for the benefit of United Way. A variance power has not been granted by United Way to the Spartanburg County Foundation.

The Spartanburg County Foundation (the Foundation) maintains an investment pool of various mutual funds and managed accounts. The investment pool is allocated to various sub-funds, including United Way's funds, based on a percentage of ownership interest in the market value of the investment pool.

The following is a summary of activity of the changes in the fund held and managed by the Foundation for the year ended June 30, 2018 and 2017:

	2018	2017
Beginning Balance	\$ 917,918	\$ 842,806
Investment income	16,655	9,750
Unrealized appreciation in value	43,849	74,156
Fees	(9,606)	(8,794)
	\$ 968,816	\$ 917,918

The Spartanburg County Foundation's annual audited financial statements are available by contacting the Spartanburg County Foundation at 424 East Kennedy Street, Spartanburg, SC 29302, (864)582-0138.

For purposes of fair value measurement, United Way's investments in the Spartanburg County Foundation's investment pool are classified as follows at June 30, 2018 and 2017:

	Fair Value Measurements June 30, 2018		
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Spartanburg County Investment Pool	\$ -	\$ 968,816	\$ -

	Fair Value Measurements June 30, 2017		
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Spartanburg County Investment Pool	\$ -	\$ 917,918	\$ -

UNITED WAY OF THE PIEDMONT, INC.
NOTES TO FINANCIAL STATEMENTS – Continued
JUNE 30, 2018 AND 2017

NOTE 5 – FIXED ASSETS

Depreciation of the leasehold improvements and equipment is provided on a straight-line basis over the estimated useful lives of the assets.

At June 30, 2018 and 2017, fixed assets consist of:

	2018		2017
Furniture and Equipment	211,644	\$	210,769
Leasehold Improvements	45,490		45,490
	257,134		256,259
Less Accumulated Depreciation	(215,267)		(207,649)
	\$ 41,867	\$	48,610

NOTE 6 – LOAN RECEIVABLE

In October 2013, the United Way loaned Northside Development Corporation, a not-for-profit corporation, \$104,000, which bears interest at 2% annually and matures October 11, 2018. No payments of principal or interest are due until maturity and the borrower has the option to extend the note for an additional two years. Subsequent to June 30, 2018, the term of the note was extended for two years and will now mature October 11, 2020.

NOTE 7 – CONTRIBUTIONS DESIGNATED BY DONORS

For the years ended June 30, 2018 and 2017, United Way of the Piedmont, Inc. received pledges and/or contributions totaling \$4,990,454 and \$4,898,707 respectively, for the 2017-2018 and the 2016-2017 campaign years. At the contributors' option, their donation may be designated to a qualifying not-for-profit agency. When this type of designation occurs, these funds are reflected as liabilities for donor choice amounts. Gross donor choice amounts designated for future periods were \$821,552 and \$910,840 of the total \$4,990,454 and \$4,898,707 pledges and/or contributions received for the 2017-2018 and 2016-2017 campaign years. At June 30, 2018 and 2017, \$793,155 and \$807,283, respectively, was unpaid and recorded as a liability in the accompanying statement of financial position.

NOTE 8 – RETIREMENT PLAN

United Way has a 401(k) defined contribution plan, which covers substantially all employees with at least one year of service. United Way makes contributions equal to three percent of participants' salary each year. United Way may also make annual matching contributions to the plan of ½ participants' elective deferrals, subject to a maximum match of two percent. Amounts contributed to the plan in 2018 and 2017 were \$29,740 and \$28,827, respectively.

UNITED WAY OF THE PIEDMONT, INC.
NOTES TO FINANCIAL STATEMENTS – Continued
JUNE 30, 2018 AND 2017

NOTE 9 – OPERATING LEASES

United Way leases office and warehouse facilities, copiers, and mailing equipment under various non-cancelable leases expiring at various times through 2019. Total lease expense for the years ended June 30, 2018 and 2017 was \$89,966 and \$89,999 respectively.

Future minimum lease payments under these non-cancelable leases are as follows:

Years Ending June 30	Amounts
2019	\$ 14,232
2020	1,188
2021	1,188
2022	1,188
	\$ 17,796

NOTE 10 – DONATED GOODS

Beginning in September 2009, United Way started operating a warehouse that receives goods from the Wal-Mart Return Center located in Spartanburg. These goods are received and distributed to charitable agencies. The donated goods are recognized as contributions at their estimated retail value as determined by Wal-Mart at the date of donation. The amount recognized for goods received at the warehouse during the years ended June 30, 2018 and 2017 was \$26,165,269 and \$22,843,186 respectively.

NOTE 11 – CONTINGENCIES

United Way has received proceeds from federal and local grants. Periodic audits of the grants are required and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant monies to the grantor agencies. Management believes that any required refunds would be immaterial. No provision has been made in the accompanying financial statements for the potential refund of any grant monies.

NOTE 12 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through October 22, 2018 the date which the financial statements were available for issue.

SUPPLEMENTAL SCHEDULE

UNITED WAY OF THE PIEDMONT, INC.
 SUPPLEMENTAL SCHEDULE - FUNCTIONAL EXPENSES (OVERHEAD) CALCULATION
 FOR THE YEARS ENDED JUNE 30, 2018 AND JUNE 30, 2017

Campaign results and other revenue:	2018	2017
Net campaign results	\$ 3,867,586	\$ 3,681,011
Donor-designated contributions and service fees	910,657	1,007,997
Allowance for uncollectible	212,211	209,699
Total campaign results	4,990,454	4,898,707
Grant income	292,888	239,408
Investment income (loss)	61,015	84,824
Designation from other United Ways	65,489	77,637
Other	446,123	381,136
Service fees	52,074	44,788
Total revenue	\$ 5,908,043	\$ 5,726,781
All costs relating to fund raising and management and general	\$ 464,014	\$ 409,094
Overhead as a % of total revenue	7.9%	7.1%