

UNITED WAY OF THE PIEDMONT, INC.
FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

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, 2019 and 2018, 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, 2019 and 2018, 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.

McAbee, Schwartz, Halliday & Co.

Spartanburg, South Carolina
November 11, 2019

UNITED WAY OF THE PIEDMONT, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2019 AND 2018

Assets

	2019	2018
Cash and equivalents	\$ 514,360	\$ 588,221
Pledges receivable - net	2,789,555	2,853,370
Other receivables	86,732	72,312
Prepaid expense	44,532	44,949
Investments	985,884	968,816
Fixed assets - net	71,615	41,867
Intangible assets - net	27,333	33,250
Loan receivable	104,000	104,000
Total Assets	\$ 4,624,011	\$ 4,706,785

Liabilities and Net Assets

Allocations and Designations Payable	\$ 760,040	\$ 793,155
Accounts Payable	41,677	51,804
Accrued Expenses	4,621	3,210
Deferred Revenue	219,292	188,959
Total Liabilities	1,025,630	1,037,128
Net Assets		
Without donor restriction	1,568,866	1,735,864
With donor restriction - annual campaign designated for future period	2,029,515	1,933,793
Total Net Assets	3,598,381	3,669,657
Total Liabilities and Net Assets	\$ 4,624,011	\$ 4,706,785

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, 2019

	Without Donor Restriction	With Donor Restriction	Total
Public support and revenue			
Gross campaign results	\$ -	\$ 4,904,920	\$ 4,904,920
Less: Provision for uncollectible accounts	-	(228,715)	(228,715)
Amounts raised on behalf of others	-	(841,897)	(841,897)
Service fees	-	(84,033)	(84,033)
Net campaign revenue	-	3,750,275	3,750,275
Gifts in kind	28,906,880	-	28,906,880
Total public support	28,906,880	3,750,275	32,657,155
Other revenue (expenses)			
Grant income	259,625	-	259,625
Investment income	920	-	920
Recovery of prior pledges	700	-	700
Unrealized gain (loss) on investments	15,568	-	15,568
Designations from other United Ways	71,459	-	71,459
Other	629,889	-	629,889
Service fees	55,020	-	55,020
Total other revenue (expenses)	1,033,181	-	1,033,181
Net assets released from restriction	3,654,553	(3,654,553)	-
Total public support and revenue	33,594,614	95,722	33,690,336
Expenses			
Program services			
Gross funds awarded/distributed	3,222,672	-	3,222,672
(Less donor designations)	(749,274)	-	(749,274)
Net funds awarded/distributed	2,473,398	-	2,473,398
Community investment process	164,143	-	164,143
Community engagement/education	444,494	-	444,494
Gifts in Kind Kind Center	284,803	-	284,803
Imagination Library	2,184	-	2,184
Community partnerships	122,100	-	122,100
Behavioral health	28,711	-	28,711
Financial stability	464,922	-	464,922
VISTA Program	108,193	-	108,193
AmeriCorps Program	196,589	-	196,589
Gifts in Kind	28,906,880	-	28,906,880
Total program services	33,196,417	-	33,196,417
Supporting services			
Fundraising	223,253	-	223,253
Management and general	341,942	-	341,942
Total support services	565,195	-	565,195
Total expenses	33,761,612	-	33,761,612
Change in Net Assets	(166,998)	95,722	(71,276)
Net Assets, Beginning	1,735,864	1,933,793	3,669,657
Net Assets, Ending	\$ 1,568,866	\$ 2,029,515	\$ 3,598,381

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

	Without Donor Restriction	With Donor Restriction	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
Recovery of prior pledges	-	-	-
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
Gift in 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 FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2019

	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	2019
Salaries	\$ 87,029	\$ 230,069	\$ 112,819	\$ 1,408	\$ 77,443	\$ 14,440	\$ 240,024	\$ -	\$ 16,380	\$ 136,388	\$ 916,000	\$ 132,850	\$ 203,478	\$336,328	\$ 1,252,328
Payroll taxes	8,449	20,383	8,666	133	7,388	1,375	23,553	-	1,602	10,975	82,524	12,744	19,519	32,263	114,787
Health insurance	7,117	25,080	10,190	101	5,622	1,073	32,231	-	1,734	8,717	91,865	10,225	15,660	25,885	117,750
Retirement	1,589	4,316	3,773	23	1,255	240	7,715	-	565	2,222	21,698	2,283	3,497	5,780	27,478
Total salaries and related expenses	104,184	279,848	135,448	1,665	91,708	17,128	303,523	-	20,281	158,302	1,112,087	158,102	242,154	400,256	1,512,343
Professional fees	24,167	39,038	44,340	188	10,500	5,455	72,606	-	69,115	10,005	275,414	21,129	32,362	53,491	328,905
Supplies	3,197	16,280	6,503	5	276	352	2,920	-	497	2,027	32,057	1,113	1,705	2,818	34,875
Telephone	826	10,771	3,124	12	653	125	3,751	-	166	598	20,026	1,187	1,819	3,006	23,032
Printing	550	4,393	674	8	435	83	2,370	-	128	398	9,039	4,519	6,921	11,440	20,479
Postage	3,663	2,548	559	6	421	63	1,642	-	123	301	9,326	1,057	1,619	2,676	12,002
Training	457	3,513	199	2	128	24	871	-	3,748	657	9,599	953	1,460	2,413	12,012
Business development	175	8,077	214	6	1,343	1,038	2,641	-	1,469	856	15,819	2,017	3,090	5,107	20,926
Public relation events	6,514	15,425	14,212	62	3,605	658	21,315	-	874	3,156	65,821	6,624	10,145	16,769	82,590
Public relation supplies	20	241	25	-	16	3	78	-	4	14	401	29	44	73	474
Insurance	1,011	2,734	7,475	14	798	152	3,021	-	203	3,396	18,804	1,452	2,224	3,676	22,480
Occupancy	4,938	20,902	51,364	70	3,901	745	14,382	-	990	3,575	100,867	7,095	10,867	17,962	118,829
Equipment	1,493	4,187	3,808	21	1,179	1,079	4,710	-	574	1,081	18,132	2,506	3,838	6,344	24,476
Transportation	4,534	10,584	4,501	13	824	600	6,515	-	2,174	4,337	34,082	3,245	4,970	8,215	42,297
Membership fees	2,062	6,100	2,501	25	1,419	271	6,486	-	456	3,401	22,721	3,306	5,064	8,370	31,091
Miscellaneous	230	228	88	1	57	11	209	-	6,164	52	7,040	123	188	311	7,351
Advertising	31	136	39	-	25	5	144	-	6	23	409	45	69	114	523
United Way Worldwide dues	3,877	10,489	4,752	55	3,063	585	11,291	-	777	2,807	37,696	5,570	8,532	14,102	51,798
Total expense before depreciation	161,929	435,494	279,826	2,153	120,351	28,377	458,475	-	107,749	194,986	1,789,340	220,072	337,071	557,143	2,346,483
Depreciation and amortization	2,214	9,000	4,977	31	1,749	334	6,447	-	444	1,603	26,799	3,181	4,871	8,052	34,851
Total operating expenses	164,143	444,494	284,803	2,184	122,100	28,711	464,922	-	108,193	196,589	1,816,139	223,253	341,942	565,195	2,381,334
Allocations and awards	3,164,848	15,920	-	-	-	27,146	14,758	-	-	-	3,222,672	-	-	-	3,222,672
Less: donor designations	(749,274)	-	-	-	-	-	-	-	-	-	(749,274)	-	-	-	(749,274)
Total allocations and awards	2,415,574	15,920	-	-	-	27,146	14,758	-	-	-	2,473,398	-	-	-	2,473,398
Gifts in kind	3,650	-	28,903,230	-	-	-	-	-	-	-	28,906,880	-	-	-	28,906,880
Total expenses	\$ 2,583,367	\$ 460,414	\$ 29,188,033	\$ 2,184	\$ 122,100	\$ 55,857	\$ 479,680	\$ -	\$ 108,193	\$ 196,589	\$ 33,196,417	\$ 223,253	\$ 341,942	\$ 565,195	\$ 33,761,612

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	2018
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	\$ 1,106,172
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	13,533	23,742	91,671
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	82,530
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	29,740
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	1,310,113
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	178,785
Supplies	3,831	4,634	6,441	25	356	70	717	368	203	3,230	19,875	1,064	1,411	2,475	22,350
Telephone	966	12,972	3,591	51	674	140	1,710	1,271	300	2,097	23,772	1,306	1,732	3,038	26,810
Printing	193	6,733	262	40	519	1,728	201	137	56	419	10,288	5,096	6,756	11,852	22,140
Postage	3,117	5,037	561	47	367	54	390	1,035	134	814	11,556	914	1,212	2,126	13,682
Training	1,604	2,422	159	6	146	652	1,194	393	1,551	1,005	9,132	431	572	1,003	10,135
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	23,953
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	72,406
Public Relation Supplies	22	130	29	1	15	35	23	13	6	47	321	29	39	68	389
Insurance	977	2,622	6,509	51	681	141	1,015	899	283	5,737	18,915	1,321	1,750	3,071	21,986
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	124,234
Equipment	1,852	5,802	7,514	97	1,292	268	2,518	1,072	536	4,021	24,972	2,608	3,458	6,066	31,038
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	51,686
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	32,099
Miscellaneous	140	556	190	7	98	20	146	81	4,841	305	6,384	213	282	495	6,879
Advertising	301	397	200	56	103	21	154	86	43	321	1,682	200	265	465	2,147
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	50,922
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	2,001,754
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	25,114
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	2,026,868
Allocations and awards	3,158,781	25,059	-	-	-	60,000	22,865	-	-	-	3,266,705	-	-	-	3,266,705
Less: donor designations	(728,306)	-	-	-	-	-	-	-	-	-	(728,306)	-	-	-	(728,306)
Total allocations and awards	2,430,475	25,059	-	-	-	60,000	22,865	-	-	-	2,538,399	-	-	-	2,538,399
Gifts in Kind	5,890	-	26,165,269	-	-	-	-	-	-	-	26,171,159	-	-	-	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	\$30,736,426

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, 2019 AND 2018

	2019	2018
Cash Flows from Operating Activities		
Reconciliation of change in net assets to net cash provided by operating activities:		
Change in net assets	\$ (71,276)	\$ 219,908
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	28,933	24,398
(Gain) Loss on disposal of equipment	3,586	(344)
Unrealized (gain)/loss on investments	(17,068)	(50,898)
(Increase) decrease in assets		
Pledges receivable	63,815	(10,820)
Other receivables	(14,420)	(55,042)
Prepaid expenses	417	(6,170)
Intangible assets	5,917	(32,000)
Increase (decrease) in liabilities		
Designations due to beneficiaries	(33,115)	(14,128)
Accounts payable	(10,127)	23,791
Accrued expense	1,411	19
Deferred revenue	30,333	1,535
Net cash provided by operating activities	(11,594)	100,249
Cash Flows from Investing Activities		
Purchase of equipment	(62,267)	(17,311)
Net cash used by investing activities	(62,267)	(17,311)
Net increase in cash and cash equivalents	(73,861)	82,938
Cash and Cash Equivalents at Beginning of Year	588,221	505,283
Cash and Cash Equivalents at End of Year	\$ 514,360	\$ 588,221

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

UNITED WAY OF THE PIEDMONT, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

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.

Recognition of Donor Restrictions

United Way reports information regarding its financial position and activities according to two classes of net assets, net assets with donor restrictions and net assets without donor restrictions. See Note 12 for further discussion of the change in accounting principle that was adopted this year in accordance with the adoption of FASB Accounting Standards Update No. 2016-14.

UNITED WAY OF THE PIEDMONT, INC.
NOTES TO FINANCIAL STATEMENTS – Continued
JUNE 30, 2019 AND 2018

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 collectibility of pledges receivables, the allocation of functional expenses among functional categories, and the fair market valuation of gifts in kind.

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, 2019 and 2018, 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 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 – Continued
JUNE 30, 2018 AND 2018

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 net assets with donor restrictions, 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), net assets with donor restrictions are reclassified to net assets without donor restrictions 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 at June 30, 2019 and 2018 of \$219,292 and \$188,959 represents grant revenue not yet earned, cost reimbursements on designations that are payable to recipient agencies, and deferred membership fees related to the Gift in Kind Center.

UNITED WAY OF THE PIEDMONT, INC.
NOTES TO FINANCIAL STATEMENTS – Continued
JUNE 30, 2019 AND 2018

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 non-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, 2019 AND 2018

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. See Note 10 for further discussion.

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, 2019 AND 2018

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 \$513,860 and \$587,721 as June 30, 2019 and 2018, respectively. At June 30, 2019 and 2018, United Way had a bank balance of \$548,647 and \$644,112, 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
2017-2018 Campaign	\$ 432,571	\$ 207,056	\$ 225,515
2018-2019 Campaign	2,792,400	228,260	2,564,140
	<u>\$ 3,224,971</u>	<u>\$ 435,316</u>	<u>\$ 2,789,655</u>
2015-2016 Campaign	\$ 1,541	-	\$ 1,541
2016-2017 Campaign	418,478	201,421	217,057
2017-2018 Campaign	2,844,889	210,117	2,634,772
	<u>\$ 3,264,908</u>	<u>\$ 411,538</u>	<u>\$ 2,853,370</u>

UNITED WAY OF THE PIEDMONT, INC.
NOTES TO FINANCIAL STATEMENTS – Continued
JUNE 30, 2019 AND 2018

NOTE 4 – INVESTMENTS AT SPARTANBURG COUNTY FOUNDATION

Investments at June 30, 2019 and 2018, include \$985,884 and \$968,816 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. During the fiscal year ended June 30, 2019, the majority of the investments were transferred to a money market account held by the Foundation to decrease the exposure to market volatility.

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, 2019 and 2018:

	2019	2018
Beginning Balance	\$ 968,816	\$ 917,918
Investment return, net	17,068	50,898
	\$ 985,884	\$ 968,816

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, 2019 and 2018:

	Fair Value Measurements June 30, 2019		
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Spartanburg County - Money Market	\$ 925,497	\$ -	\$ -
Spartanburg County Investment Pool		60,387	
	\$ 925,497	\$ 60,387	\$ -

	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	\$ -

UNITED WAY OF THE PIEDMONT, INC.
NOTES TO FINANCIAL STATEMENTS – Continued
JUNE 30, 2019 AND 2018

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, 2019 and 2018, fixed assets consist of:

	2019	2018
Furniture and Equipment	243,456	\$ 211,644
Leasehold Improvements	49,985	45,490
	293,441	257,134
Less Accumulated Depreciation	(221,826)	(215,267)
	\$ 71,615	\$ 41,867

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, 2020. No payments of principal or interest are due until maturity.

NOTE 7 – CONTRIBUTIONS DESIGNATED BY DONORS

For the years ended June 30, 2019 and 2018, United Way of the Piedmont, Inc. received pledges and/or contributions totaling \$4,821,234 and \$4,990,454 respectively, for the 2018-2019 and the 2017-2018 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 \$841,897 and \$821,552 of the total \$4,821,234 and \$4,990,454 pledges and/or contributions received for the 2018-2019 and 2017-2018 campaign years. At June 30, 2019 and 2018, \$760,040 and \$793,155, 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 2019 and 2018 were \$27,475 and \$29,740, respectively.

UNITED WAY OF THE PIEDMONT, INC.
NOTES TO FINANCIAL STATEMENTS – Continued
JUNE 30, 2019 AND 2018

NOTE 9 – OPERATING LEASES

United Way leases office and warehouse facilities, copiers, and mailing equipment under various non-cancelable leases expiring at various times. During the fiscal year ended June 30, 2019, the Gift In Kind Center warehouse was damaged in a storm and was moved to a larger facility under a short term lease which terminates October 31, 2019. Total lease expense for the years ended June 30, 2019 and 2018 was \$113,129 and \$89,966 respectively. Approximately \$18,750 in rent expense was reimbursed by insurance proceeds and recorded in other income.

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

2020	36,300
2021	1,188
2022	1,188
	\$ 38,676

See Note 14 below for discussion of two new leases signed subsequent to the fiscal year end.

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, 2019 and 2018 was \$28,903,230 and \$26,165,269 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 – NET ASSETS WITH AND WITHOUT DONOR RESTRICTIONS

Change in Accounting Principle

In 2018, the Organization was required to adopt FASB Accounting Standards Update No. 2016-14 – *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, which requires changes to the presentation of net assets and several enhanced disclosures. Net assets is now required to be presented in two classes with new terminology, rather than the three classes required in the previous standard. Net assets are now presented “with” or “without donor restrictions.” Enhanced disclosures include (a) amounts and purposes of governing board designations on the use

UNITED WAY OF THE PIEDMONT, INC.
NOTES TO FINANCIAL STATEMENTS – Continued
JUNE 30, 2019 AND 2018

NOTE 12 – NET ASSETS WITH AND WITHOUT DONOR RESTRICTIONS - Continued

of resources without donor-imposed restrictions, (b) composition of net assets with donor restrictions, (c) qualitative and quantitative information regarding the organization’s liquidity and its ability to meet cash needs within one year of the balance sheet date, (d) expenses classified by both their natural classification and functional classification, (e) information on underwater endowment funds, and (f) reporting on investment return net of investment expenses.

Net assets as of June 30, 2018 were not required to be restated in amount under the new standard, but temporarily restricted net assets were renamed “net assets with donor restrictions” and unrestricted net assets were renamed “net assets without donor restrictions.”

Net Assets With and Without Donor Restrictions

United Way primarily raises funds through annual workplace campaigns that allow donors to make pledges in the current fiscal year that will be paid through payroll deductions occurring in the following fiscal year. These pledges are reflected below as donor restricted with respect to time because they are annual campaign pledges designated for a future period.

	<u>2019</u>	<u>2018</u>
Net assets without donor restrictions	\$ 1,568,866	\$ 1,735,864
Net assets with donor restrictions (time restricted)	2,029,515	1,933,793
Total net assets	<u>\$ 3,598,381</u>	<u>\$ 3,669,657</u>

NOTE 13 – LIQUIDITY AND AVAILABILITY OF RESOURCES

United Way’s financial assets available within one year of the statements of financial position date for general expenditures are as follows:

	<u>2019</u>	<u>2018</u>
Cash and equivalents	\$ 514,360	\$ 588,221
Investments	985,884	968,816
Pledges receivable - net	2,789,555	2,853,370
Other receivables	86,732	72,312
Loan receivable	104,000	104,000
Total financial assets	<u>\$ 4,480,531</u>	<u>\$ 4,586,719</u>
Less:		
Donor designations payable	<u>(760,040)</u>	<u>(793,155)</u>
Total financial assets available for general expenditures within one year	<u>\$ 3,720,491</u>	<u>\$ 3,793,564</u>

UNITED WAY OF THE PIEDMONT, INC.
NOTES TO FINANCIAL STATEMENTS – Continued
JUNE 30, 2019 AND 2018

NOTE 13 – LIQUIDITY AND AVAILABILITY OF RESOURCES - Continued

United Way structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, it invests cash in excess of normal requirements in short term liquid investments. It operates on an annual budget cycle, which is approved by its Board of Directors. The Finance Committee of the Board meets monthly and reviews the financial statements with comparisons to budget and prior year.

NOTE 14 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through November 11, 2019 the date which the financial statements were available for issue.

On July 22, 2019, United Way signed an amendment to its lease for office space to extend the term of the lease to August 31, 2022 with a renewal option for an additional two years and to set monthly rental payments for future years. Annual rent payments beginning September 1, 2019 will range from approximately \$62,500 for the first year to \$70,344 for the final option period.

On September 30, 2019, United Way signed a new lease for its Gift In Kind Center which commences November 1, 2019 and terminates October 31, 2022 with a renewal option for an additional two years. Annual rent is \$84,000 per year payable in monthly installments.

SUPPLEMENTAL SCHEDULE

UNITED WAY OF THE PIEDMONT, INC.
 SUPPLEMENTAL SCHEDULE - FUNCTIONAL EXPENSES (OVERHEAD) CALCULATION
 FOR THE YEARS ENDED JUNE 30, 2019 AND JUNE 30, 2018

Campaign results and other revenue:	2019	2018
Net campaign results	\$ 3,750,275	\$ 3,867,586
Donor-designated contributions and service fees	925,930	910,657
Allowance for uncollectible	228,715	212,211
Total campaign results	4,904,920	4,990,454
Grant income	259,625	292,888
Recovery of prior year pledges	700	-
Investment income (loss)	16,488	61,015
Designation from other United Ways	71,459	65,489
Other	629,889	446,123
Service fees	55,020	52,074
Total revenue	\$ 5,938,101	\$ 5,908,043
All costs relating to fund raising and management and general	\$ 565,195	\$ 464,014
Overhead as a % of total revenue	9.5%	7.9%