

**UNITED WAY OF ETOWAH COUNTY, INC.**  
**FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2018 AND 2017**  
**with**  
**Independent Auditor's Report**

**JAMES D. PARR, CPA, P.C.**  
**Certified Public Accountant**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors

United Way of Etowah County

I have audited the accompanying financial statements of The United Way of Etowah County, Inc. (a nonprofit corporation), which comprise the statement of financial position as of December 31, 2018 and 2017, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

Management is responsible for the 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

My responsibility is to express an opinion on these financial statements based on my audits. I conducted my audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### Opinion

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



James D. Parr, CPA, P.C.

August 15, 2019

UNITED WAY OF ETOWAH COUNTY, INC.  
 STATEMENTS OF FINANCIAL POSITION  
 DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
ASSETS		
CURRENT ASSETS		
Cash	\$ 293,829	\$ 346,958
Bank certificates of deposit	100,000	100,000
Marketable securities	751,745	973,967
Unconditional promises to give - net of allowance for uncollectible amounts of \$250,265 (\$245,233 in 2017)	1,017,710	1,034,852
Other receivables	<u>153</u>	<u>252</u>
TOTAL CURRENT ASSETS	2,163,437	2,456,029
PROPERTY AND EQUIPMENT		
Automobile	29,802	29,802
Office furniture and equipment	175,085	174,286
Land and building	411,702	411,702
Less accumulated depreciation	<u>(205,401)</u>	<u>(192,376)</u>
EQUIPMENT - NET	<u>411,188</u>	<u>423,414</u>
TOTAL ASSETS	<u>\$ 2,574,625</u>	<u>\$ 2,879,443</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Due agencies and grant recipients	\$ 715,264	\$ 786,548
Note payable	-	300,000
Current maturities of long term debt	<u>16,795</u>	<u>-</u>
TOTAL CURRENT LIABILITIES	732,059	1,086,548
LONG TERM DEBT - net of current maturities	147,543	-
NET ASSETS		
Without donor restrictions	632,556	688,985
With donor restrictions		
Restricted as to use for next allocation period	<u>1,062,467</u>	<u>1,103,910</u>
TOTAL NET ASSETS	<u>1,695,023</u>	<u>1,792,895</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,574,625</u>	<u>\$ 2,879,443</u>

See accompanying notes.

UNITED WAY OF ETOWAH COUNTY, INC.  
 STATEMENTS OF ACTIVITIES  
 YEARS ENDED DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS		
CONTRIBUTIONS, REVENUES, AND GAINS		
Contributions received in current period (net of allowance for uncollectible amounts)	\$ 266,362	\$ 186,823
Special events		
Special event revenue	99,387	92,723
Less: Costs of direct benefits to donors	<u>(30,833)</u>	<u>(36,788)</u>
Net special events income	68,554	55,935
Investment income (loss)	<u>(76,580)</u>	<u>130,439</u>
TOTAL CONTRIBUTIONS, REVENUES, AND GAINS WITHOUT DONOR RESTRICTIONS	258,336	373,197
NET ASSETS RELEASED FROM RESTRICTIONS		
Contributions received in prior periods	<u>1,103,910</u>	<u>1,248,228</u>
TOTAL CONTRIBUTIONS, REVENUES, GAINS AND OTHER SUPPORT WITHOUT DONOR RESTRICTIONS	1,362,246	1,621,425
EXPENSES AND LOSSES		
Allocations to agencies and grants	721,821	803,858
Donor designations	6,877	7,479
United Way of America	14,707	15,198
Information and referral	147,795	161,529
Children's initiative	193,143	204,524
Disaster relief	20,252	9,635
Community building	55,468	50,927
Management and general	95,524	100,394
Fund raising	<u>163,088</u>	<u>183,050</u>
TOTAL EXPENSES	1,418,675	1,536,594
Loss on sale of building	<u>-</u>	<u>32,101</u>
TOTAL EXPENSES AND LOSSES	1,418,675	1,568,695
INCREASE (DECREASE) IN NET ASSETS WITHOUT DONOR RESTRICTIONS	(56,429)	52,730
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS		
Contributions received for next allocation period (net of allowance for uncollectible amounts)	1,062,467	1,103,910
Contributions received in prior periods released from restrictions	<u>(1,103,910)</u>	<u>(1,248,228)</u>
INCREASE (DECREASE) IN NET ASSETS WITH DONOR RESTRICTIONS	<u>(41,443)</u>	<u>(144,318)</u>
INCREASE (DECREASE) IN NET ASSETS	(97,872)	(91,588)
NET ASSETS AT BEGINNING OF YEAR	<u>1,792,895</u>	<u>1,884,483</u>
NET ASSETS AT END OF YEAR	<u>\$ 1,695,023</u>	<u>\$ 1,792,895</u>

See accompanying notes.

UNITED WAY OF ETOWAH COUNTY, INC.  
STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (97,872)	\$ (91,588)
Adjustments to reconcile changes in net assets to net cash used by operating activities		
Depreciation	13,025	12,935
Realized and unrealized loss (gain) on sale of marketable securities	98,014	(104,971)
Loss on sale of building	-	32,101
Changes in certain operating assets and liabilities		
Pledges receivable	17,142	125,733
Other receivables	99	21,651
Due agencies	<u>(71,284)</u>	<u>(12,702)</u>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>(40,876)</b>	<b>(16,841)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of building and equipment	(800)	(425,265)
Proceeds from sale of building	-	194,925
Sales of marketable securities	953,337	690,639
Purchase of marketable securities	<u>(829,129)</u>	<u>(658,094)</u>
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<b>123,408</b>	<b>(197,795)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
New borrowings:		
Short-term	-	300,000
Long-term	195,321	-
Debt reductions:		
Short-term	(300,000)	-
Long-term	<u>(30,982)</u>	<u>-</u>
<b>NET CASH PROVIDED ( USED) BY FINANCING ACTIVITIES</b>	<b>(135,661)</b>	<b>300,000</b>
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>(53,129)</b>	<b>85,364</b>
<b>CASH AT BEGINNING OF YEAR</b>	<b><u>346,958</u></b>	<b><u>261,594</u></b>
<b>CASH AT END OF YEAR</b>	<b><u>\$ 293,829</u></b>	<b><u>\$ 346,958</u></b>

See accompanying notes.

UNITED WAY OF ETOWAH COUNTY, INC.  
 STATEMENT OF FUNCTIONAL EXPENSES  
 YEAR ENDED DECEMBER 31, 2018

	PROGRAM SERVICES				SUPPORTING SERVICES		
	INFORMATION AND REFERRAL	CHILDREN'S INITIATIVE	DISASTER RELIEF	COMMUNITY BUILDING	MANAGEMENT AND GENERAL	FUND RAISING	TOTAL
Salaries	\$ 98,189	\$ 70,092	\$ 7,770	\$ 32,145	\$ 38,693	\$ 59,251	306,140
Employee benefits	12,310	13,824	1,298	5,371	6,465	9,900	49,168
Payroll taxes	7,837	5,506	613	2,535	3,051	4,672	24,214
Total salaries and related expenses	118,336	89,422	9,681	40,051	48,209	73,823	379,522
Awards and recognition		179			47	1,198	1,198
Conferences and meetings					7,319	81	307
Endowment fund	1,342	1,009			3,062	5,103	10,516
Equipment rent and maintenance		848			3,114	5,190	9,152
Insurance	1,481	1,481			2,591	4,318	9,871
Interest	6,194	1,001			5,219	18,847	31,261
Miscellaneous	150	143			959	1,598	2,850
Postage and shipping					8,000		8,000
Professional services	3,534	93,784	10,571	15,417	4,191	31,576	123,306
Program services	2,378	1,376			1,382	2,303	39,521
Supplies, printing and publications	6,522	657			2,405	4,008	10,864
Telephone	5,202	674			4,248		12,289
Travel	2,401	2,540				7,080	16,269
Utilities							
Total before depreciation	147,540	193,114	20,252	55,468	90,746	155,125	662,245
Depreciation	255	29			4,778	7,963	13,025
TOTAL FUNCTIONAL EXPENSES	\$ 147,795	\$ 193,143	\$ 20,252	\$ 55,468	\$ 95,524	\$ 163,088	\$ 675,270

See accompanying notes.

UNITED WAY OF ETOWAH COUNTY, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED DECEMBER 31, 2017

	PROGRAM SERVICES				SUPPORTING SERVICES		
	INFORMATION AND REFERRAL	CHILDREN'S INITIATIVE	DISASTER RELIEF	COMMUNITY BUILDING	MANAGEMENT AND GENERAL	FUND RAISING	TOTAL
Salaries	\$ 101,642	\$ 72,546	\$ 7,838	\$ 34,777	\$ 38,955	\$ 63,568	319,326
Employee benefits	15,152	12,948	1,180	5,235	5,864	9,568	49,947
Payroll taxes	7,983	5,743	617	2,738	3,067	5,006	25,154
Total salaries and related expenses	124,777	91,237	9,635	42,750	47,886	78,142	394,427
Awards and recognition							
Conferences and meetings	2,999	960			1,997	15,623	15,623
Endowment fund		1,803			7,125	3,328	8,324
Equipment rent and maintenance	2,660	901			3,396	5,660	13,519
Insurance	651	651			2,440	4,066	8,058
Interest		1,907			1,140	1,899	3,690
Miscellaneous	6,976	79			8,637	17,890	35,410
Postage and shipping	112				1,001	1,669	2,861
Professional services	4,584	100,559			7,500		7,500
Program services	4,544	1,341		8,177	3,993	29,308	113,320
Supplies, printing and publications	7,132	718			1,468	2,446	39,186
Telephone	4,030	1,124			3,266	5,444	11,764
Travel	3,035	3,068			5,771	9,619	13,864
Utilities							21,493
Total before depreciation	161,500	204,348	9,635	50,927	95,620	175,094	697,124
Depreciation	29	176			4,774	7,956	12,935
TOTAL FUNCTIONAL EXPENSES	\$ 161,529	\$ 204,524	\$ 9,635	\$ 50,927	\$ 100,394	\$ 183,050	\$ 710,059

See accompanying notes.



UNITED WAY OF ETOWAH COUNTY, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of activities

The United Way of Etowah County, Inc. is a fund-raising organization which carries on an annual campaign to raise money for local member charitable organizations. Volunteers then determine needs and allocate funds to these organizations, subject to approval of the Board of Directors.

Basis of accounting

The financial statements of United Way of Etowah County, Inc. have been prepared on the accrual basis of accounting and accordingly, reflect all significant receivables, payables, and other liabilities.

Basis of presentation

The Organization is required to report 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.

Cash and cash equivalents

For purposes of the Statement of Cash Flows, the Organization considers all unrestricted highly liquid investments with an initial maturity date of three months or less to be cash equivalents.

Donor imposed restrictions

Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor restricted contributions are reported as increases net assets with donor restrictions. When a restriction expires, 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.

Promises to give/pledges

Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows. The discounts on those amounts are computed using a risk free interest rate applicable to the year in which the promise is received. Amortization of the discount is included in contribution revenue. Conditional promises to give are not included as support until such time as the conditions are substantially met.

Campaign expenses

Campaign expenses are charged to expense as they are incurred.

UNITED WAY OF ETOWAH COUNTY, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

Equipment

Equipment is stated at cost or, if contributed, at the fair market value at the date of contribution. Depreciation is provided on the straight-line method over their estimated useful lives.

Donated materials, equipment and services

Donated materials and equipment are reflected as contributions at their estimated fair market value at date of donation.

No amounts have been reflected in the accompanying statements for donated services. The Organization pays for most services requiring specific expertise. However, a substantial number of volunteers have donated significant amounts of their time in the organization's program services and in its fund raising campaigns.

Expense allocation

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

Income tax status

The United Way is exempt from income tax under section 501(c)(3) of the U.S. Internal Revenue Code and comparable state law and contributions to it are tax deductible within the limitations prescribed by the Code.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Compensated absences

Employees of the Organization are entitled to paid vacation depending on job classification, length of service and other factors. It is impracticable to estimate the amount of compensation for future absences, and accordingly, no liability has been recorded in the financial statements. The Organization's policy is to recognize the cost of compensated absences when paid to employees.

UNITED WAY OF ETOWAH COUNTY, INC.  
 NOTES TO FINANCIAL STATEMENTS  
 DECEMBER 31, 2018

NOTE B - RETIREMENT PLAN

The United Way participates in a defined contribution retirement plan covering qualified employees, as defined. Full-time employees who have reached a minimum age of 21 are eligible to participate in the plan beginning January 1 of the year following their employment. The plan requires United Way to contribute 5 percent of the base pay for all eligible participants. Contributions to the plan amounted to \$12,983 for 2018 and \$12,265 for 2017.

NOTE C - PROMISES TO GIVE

The Organization holds an annual fund-raising campaign each year to provide for allocations to member agencies and operating expenses for the following year. The promises to give as of December 31, 2018 are unconditional and are due in 2019.

NOTE D – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are those assets with time restrictions placed upon them for use in the following year.

NOTE E - NET ASSETS RELEASED FROM DONOR RESTRICTIONS

Net assets in the amount of \$1,103,910 were released from donor restriction due to the occurrence of the time restriction placed on them.

NOTE F - FINANCIAL INSTRUMENTS

Concentrations of credit risk arising from cash deposits in excess of insured limits

The Organization maintains cash balances at several financial institutions located in Gadsden, AL. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. At December 31, 2018, the Organization had no uninsured cash balances.

NOTE G – INVESTMENTS

Investments at December 31, 2018 consist primarily of mutual multi-strategy equity and bond funds reported at fair value as follows:

	2018			2017
	Fair Value	Cost	Unrealized Appreciation (Depreciation)	Fair Value
Exchange Products	\$ 56,958	\$ 57,020	\$ (62)	\$ 125,199
Mutual Equity Funds	566,677	618,772	(52,095)	707,349
Mutual Bond Funds	128,110	131,220	(3,110)	141,419
	\$ 751,745	\$ 807,012	\$ (55,267)	\$ 973,967

UNITED WAY OF ETOWAH COUNTY, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

NOTE G – INVESTMENTS (Continued)

Investment returns are summarized as follows:

	<u>2018</u>	<u>2017</u>
Fidelity Investments		
Interest and Dividends	\$ 20,047	\$ 24,663
Net realized and unrealized gains and (losses)	<u>(98,014)</u>	<u>104,971</u>
Total Fidelity Investments	(77,967)	129,634
Other Interest Income	<u>1,387</u>	<u>805</u>
Total Unrestricted Investment Income	<u>\$ (76,580)</u>	<u>\$ 130,439</u>

Generally accepted accounting principles provide a framework for measuring fair value. That framework establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). At December 31, 2018 and 2017, the Organization’s investments consisted of publicly traded equity securities and money-market mutual funds. Investments are reported at fair value using Level 1 measure.

NOTE H – NOTE PAYABLE

On March 31, 2017, the United Way obtained a loan from The Exchange Bank of Alabama to partially finance the purchase of the 235 College Street property and necessary renovations. The loan was in the amount of \$300,000 with 5% per annum interest and matured April 5, 2018. It required interest only payments quarterly beginning July 5, 2017. The note was unsecured but subject to a negative pledge agreement. On February 1, 2018 the note payable was modified and extended. After a principal payment of \$104,679, reducing the note balance to \$195,321, the note was modified to a ten year term at 3.94% interest payable monthly at \$1,973. The note is secured by a mortgage on the building and is scheduled to mature February, 2028.

Maturities of long-term debt are \$16,795 in 2019, \$17,471 in 2020, \$18,173 in 2021, \$18,904 in 2022, \$19,664 in 2023, \$20,455 in 2024 and \$52,876 thereafter.

NOTE I – SALE OF BUILDING

On March 13, 2017, the United Way entered into an agreement to sell the existing facilities at 605 South 4th Street to the James M. Barrie Center for Children, Inc. for \$195,000. The agreement required a deposit of \$1,500 with the balance of \$193,500 at closing. The closing occurred on September 8, 2017. In 2017, the United Way recognized a loss of \$32,101 on the sale of the building.

UNITED WAY OF ETOWAH COUNTY, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

NOTE J – SUBSEQUENT EVENTS

Subsequent events were evaluated through August 15, 2019, which is the date the financial statements were available to be issued.

NOTE K – CASH FLOW INFORMATION

Interest paid was \$ 9,871 and \$3,690 for the years 2018 and 2017 respectively.

NOTE L – CHANGE IN ACCOUNTING PRINCIPLE

On August 18, 2016, the FASB issued ASU 2016-14, *Not-for-Profit Entities* (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. The United Way has adjusted the presentation of its financial statements accordingly, applying the changes retrospectively to the comparative period presented. The new standards change the following aspects of the United Way's financial statements:

- The temporarily restricted and permanently restricted net asset classes have been combined into a single net asset class called *net assets with donor restrictions*.
- The unrestricted net asset class has been renamed *net assets without donor restrictions*.
- The financial statements include a new disclosure liquidity and availability of resources.
- The presentation of comparative financial statements now requires inclusion of the prior year statement of functional expenses rather than prior year comparative totals only.

The changes, with the exception of terminology, had no effect on net assets at December 31, 2017.

NOTE M – LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES

Virtually all of the United Way's financial assets, as of the statement of financial position date, are available for general use within one year of the statement of financial position date.