

**COUNTY UNITED WAY, INC.**

**FINANCIAL STATEMENTS**

Years Ended June 30, 2019 and 2018

**COUNTY UNITED WAY, INC.**

Years Ended June 30, 2019 and 2018

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors

**County United Way, Inc.**  
Cumberland, Maryland

We have audited the accompanying financial statements of County United Way, 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.

### **Auditors' 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 audits to obtain reasonable assurance about whether the financial statements are free from 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 auditors' 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 County United Way, 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.

*Smayth & Pyles, LLC*

Cumberland, Maryland  
September 27, 2019

**COUNTY UNITED WAY, INC.**

**STATEMENTS OF FINANCIAL POSITION**

June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
<b><u>ASSETS</u></b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 295,522	\$ 178,985
Pledges receivable, net of allowance for uncollectible pledges	127,597	173,790
<b>TOTAL CURRENT ASSETS</b>	<u>423,119</u>	<u>352,775</u>
 FURNITURE AND EQUIPMENT, net of accumulated depreciation	 4,106	 5,140
 <b>OTHER ASSETS</b>		
Cash and cash equivalents restricted for endowment fund	22,169	27,520
Investments restricted for endowment fund	437,891	432,990
<b>TOTAL OTHER ASSETS</b>	<u>460,060</u>	<u>460,510</u>
 TOTAL ASSETS	 <u>\$ 887,285</u>	 <u>\$ 818,425</u>

**LIABILITIES AND NET ASSETS**

<b>CURRENT LIABILITIES</b>		
Accounts Payable	\$ 1,055	\$ 2,825
Allocations payable - affiliated and unaffiliated agency appropriations	270,131	282,494
Payroll withholdings payable	2,262	2,125
Due to United Way of America	3,572	3,518
<b>TOTAL CURRENT LIABILITIES</b>	<u>277,021</u>	<u>290,962</u>
 <b>NET ASSETS</b>		
Without donor restrictions	126,841	78,730
With donor restrictions	483,423	448,733
<b>TOTAL NET ASSETS</b>	<u>610,264</u>	<u>527,463</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 887,285</u>	 <u>\$ 818,425</u>

See Notes to Financial Statements

COUNTY UNITED WAY, INC.

STATEMENTS OF ACTIVITIES

Years Ended June 30, 2019 and 2018

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>PUBLIC SUPPORT AND RECLASSIFICATIONS</b>						
Current year's pledges, net of allowance for uncollectible pledges						
<b>TOTAL PUBLIC SUPPORT AND RECLASSIFICATIONS</b>	\$ 548,849	\$ -	\$ 548,849	\$ 592,806	\$ -	\$ 592,806
	<u>548,849</u>	<u>-</u>	<u>548,849</u>	<u>592,806</u>	<u>-</u>	<u>592,806</u>
<b>OTHER REVENUES</b>						
Investment income	216	15,769	15,985	109	20,157	20,266
Endowment fund contributions	-	500	500	-	1,000	1,000
Special events	19,319	-	19,319	14,854	-	14,854
Increase/ (decrease) in market value of investments	-	15,255	15,255	-	10,090	10,090
Special Programs	-	75,804	75,804	-	73,800	73,800
Funds contributed (to) from operating account for Verso	(8,000)	8,000	-	201,737	-	201,737
Contributed facilities and services	326,967	-	326,967	216,700	-	216,700
<b>TOTAL OTHER REVENUES</b>	<u>338,502</u>	<u>115,328</u>	<u>453,830</u>	<u>216,700</u>	<u>105,047</u>	<u>321,747</u>
	<u>887,351</u>	<u>115,328</u>	<u>1,002,679</u>	<u>809,506</u>	<u>105,047</u>	<u>914,553</u>
<b>TOTAL SUPPORT AND REVENUES</b>						
<b>EXPENSES</b>						
Payments to agencies	270,100	-	270,100	286,619	-	286,619
Payments to national organization	7,144	-	7,144	7,277	-	7,277
Books	43,362	-	43,362	-	-	-
Functional expenses						
Management and general	19,513	-	19,513	9,766	-	9,766
Fund-raising	150,267	-	150,267	131,888	-	131,888
Program services	303,908	-	303,908	254,204	-	254,204
Special programs	-	80,638	80,638	-	60,554	60,554
Special events	44,946	-	44,946	27,699	-	27,699
<b>TOTAL EXPENSES</b>	<u>839,240</u>	<u>80,638</u>	<u>919,878</u>	<u>717,453</u>	<u>60,554</u>	<u>778,007</u>
	<u>48,111</u>	<u>34,690</u>	<u>82,801</u>	<u>92,053</u>	<u>44,493</u>	<u>136,546</u>
<b>CHANGES IN NET ASSETS</b>						
<b>NET ASSETS (DEFICIT), beginning of year</b>	<u>78,730</u>	<u>448,733</u>	<u>527,463</u>	<u>(13,323)</u>	<u>404,240</u>	<u>390,917</u>
	<u>\$ 126,841</u>	<u>\$ 483,423</u>	<u>\$ 610,264</u>	<u>\$ 78,730</u>	<u>\$ 448,733</u>	<u>\$ 527,463</u>
<b>TOTAL NET ASSETS (DEFICIT)</b>						

See Notes to Financial Statements



**COUNTY UNITED WAY, INC.**

**STATEMENTS OF CASH FLOWS**

Years Ended June 30, 2019 and 2018

	<b>2019</b>	<b>2018</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Changes in net assets	\$ 82,801	\$ 136,546
Adjustments to reconcile changes in net assets to net cash from operating activities		
Depreciation	1,334	762
Allowance for uncollectible pledges	(30,186)	(14,504)
(Increase)/decrease in market value of investments	15,255	10,090
Decrease (increase) in operating assets		
Pledges receivable	76,380	3,806
Increase (decrease) in operating liabilities		
Accounts Payable	(1,770)	(4,134)
Allocations payable – Affiliated & Unaffiliated Agency Appropriations	(12,363)	(49,882)
Due to United Way of America	54	(1,734)
Payroll withholdings payable	137	(1,875)
NET CASH FLOWS FROM OPERATING ACTIVITIES	131,642	79,075
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of investments	(142,516)	(158,764)
Sales Proceeds from Investments	122,360	132,725
Purchase of furniture and equipment	(300)	(5,330)
Cash and cash equivalents restricted for endowment fund	5,351	(14,918)
NET CASH FLOWS FROM INVESTING ACTIVITIES	(15,105)	(46,287)
NET DECREASE IN CASH AND CASH EQUIVALENTS	116,537	32,788
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	178,985	146,197
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 295,522	\$ 178,985
 <b>SUPPLEMENTAL DISCLOSURE OF NONCASH TRANSACTIONS:</b>		
Contributed facilities and services	\$ 326,967	\$ 201,737

See Notes to Financial Statements



**COUNTY UNITED WAY, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**Note 1 – Summary of significant accounting principles**

**Nature of activities**

County United Way, Inc. (d/b/a United Ways of the Potomac Highlands) (the “Organization” or “County United Way”) is a nonprofit organization governed by a volunteer board of directors, including the United Ways of Allegany, Garrett, Hampshire, and Mineral Counties, following the guidance of the national organization of the United Way of America. Its purpose is to raise funds from the general public to be disbursed to various local nonprofit agencies.

**Tax status**

County United Way, Inc. is a nonprofit, nonstock organization incorporated under the laws of the State of Maryland. It is an organization which is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, and has been classified by the Internal Revenue Service as an organization that is not a private foundation. However, it is primarily a publicly supported organization. As a result, contributions made to the County United Way, Inc. are deductible by the donors in computing their taxable income to the extent provided by Section 170 of the 1954 Internal Revenue Code.

The Organization’s tax filings are subject to audit by various authorities. The Organization’s federal income tax returns for years before 2015 are no longer subject to examination by the Internal Revenue Service. The Organization believes it is not subject to any uncertain tax positions.

**Campaign support**

Annual campaigns are conducted in and around Allegany and Garrett Counties of Maryland and Mineral and Hampshire Counties of West Virginia each year to raise support for allocation to participating agencies in the subsequent year. The campaign year is considered to be from May 1 to April 30. Pledges by certain businesses or their employees, as a group, are individually material to the financial statements.

## COUNTY UNITED WAY, INC.

### NOTES TO FINANCIAL STATEMENTS

#### Note 1 – Summary of significant accounting principles (continued)

##### Basis of presentation

The financial statements of County United Way, Inc. have been prepared in accordance with U.S. generally accepted accounting principles (“US GAAP”), which require County United Way, Inc. to report information regarding its financial position and activities according to the following net asset classifications:

**Net assets without donor restrictions:** Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of County United Way, Inc.’s management and the board of directors.

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

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

##### Contributions

Contributions received are recorded as without donor restrictions or with donor restrictions support depending on the existence or nature of any donor restrictions.

If the Organization receives cash or other financial assets from a donor to be transferred to a specified beneficiary, then the Organization shall recognize its liability to the specified beneficiary concurrent with its recognition of the assets received from the donor.

## COUNTY UNITED WAY, INC.

### NOTES TO FINANCIAL STATEMENTS

#### Note 1 – Summary of significant accounting principles (continued)

##### Investments

Investments are reported at cost, if purchased, or at fair value, if donated. Thereafter, investments are reported at their fair values in the statements of financial position, and changes in fair value are reported as investment return in the statement of activities.

Purchases and sales of securities are reflected on a trade-date basis. Gains and losses on sales of securities are based on average cost and are recorded in the statements of activities in the period in which the securities are sold. Interest is recorded when earned. Dividends are accrued as of the ex-dividend date.

##### Functional expenses

All functional expenses are recorded in the period incurred regardless of when paid.

##### Estimates

Preparation of financial statements in accordance with U.S. generally accepted accounting principles necessitates the use of estimates of certain amounts. County United Way, Inc. uses estimates to determine the uncollectible amounts of pledges receivable, the remaining estimated useful lives of furniture and equipment, and the fair market value of donated furniture and equipment and marketable equity securities. It is reasonably possible that these estimates may change in the near term.

##### Cash and cash equivalents

For purposes of the statements of cash flows, County United Way, Inc. considers all certificates of deposit and all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

##### New Accounting Pronouncement

On August 18, 2016, FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. County United Way, Inc. has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.

**COUNTY UNITED WAY, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**Note 2 – Availability and Liquidity**

The following represents County United Way's financial assets at June 30, 2019 and 2018:

	<b>2019</b>	<b>2018</b>
Financial assets at year-end:		
Cash and cash equivalents	\$ 295,522	\$ 178,985
Contributions receivable, net of allowance	127,597	173,790
Endowment fund	460,060	460,510
Total financial assets	<b>\$ 883,179</b>	<b>\$ 813,285</b>
Less amounts not available to be used within one year:		
Net assets with donor restrictions	<b>\$ (483,423)</b>	<b>\$ (448,733)</b>
Financial assets available to meet general expenditures over the next twelve months	<b>\$ 399,756</b>	<b>\$ 364,552</b>

County United Way's goal is generally to maintain financial assets to meet 365 days of operating expenses based upon projected revenues.

**Note 3 – Pledges receivable**

"Pledges receivable" represents pledges made to finance the next year's activity but not paid at June 30. Pledges not paid at June 30, 2019 and 2018, consisted of:

	<b>2019</b>	<b>2018</b>
Pledges receivable	\$ 209,180	\$ 285,560
Allowance for uncollectible pledges	(81,583)	(111,770)
Total	<b>\$ 127,597</b>	<b>\$ 173,790</b>

As of June 30, 2019, there was \$3,944 of receivables due from the 2020 campaign, \$174,161 of receivables due from the 2019 campaign and \$31,075 of receivables due from the 2018 campaign.

As of June 30, 2018, there was \$2,564 of receivables due from the 2019 campaign, \$250,782 of receivables due from the 2018 campaign and \$32,214 of receivables due from the 2017 campaign.

**COUNTY UNITED WAY, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**Note 4 – Furniture and equipment**

County United Way, Inc. capitalizes expenditures greater than \$100 for furniture and equipment. All purchased furniture and equipment are carried at original cost. Donated furniture and equipment are carried at their fair market value as of the date received. Depreciation is recorded using straight-line and accelerated depreciation methods over the useful life of 5 to 7 years. A summary of furniture and equipment is as follows:

	<u>June 30,</u>	
	<u>2019</u>	<u>2018</u>
Cost	\$ 33,240	\$ 32,940
Accumulated depreciation	<u>(29,134)</u>	<u>(27,800)</u>
Net book value	<u>\$ 4,106</u>	<u>\$ 5,140</u>

**Note 5 – Other assets - endowment fund**

County United Way, Inc. has established an endowment fund which when completely funded is planned to fund the functional expenses of the Organization with the interest and dividends from the assets contained in the fund. The endowment fund is being funded by pledges from donors which are permanently restricted by the donors.

Interest and dividends earned, until the endowment fund is completely funded are also restricted. The Organization will consider the fund "fully funded" when the balance achieves \$5,200,000.

The Mission of the Endowment is: To build a substantial, permanent endowment fund, created through the gifts of many individual and corporate donors over time, invested for long-term growth, which will guarantee forever an independent annual base of financial stability for the County United Way.

The principal shall be maintained in perpetuity, unless recommended by the Endowment Committee to the Board of Directors of County United Way to do otherwise. Income, in the form of interest, dividends or realized capital gains, may be used for program support that is not dependent upon fluctuations in annual contributions, but only at the direction of the Board of Directors, following a request from a county's Executive Committee.

All investment increases (decreases) will continue to roll over into the endowment. Use of all interest income or any part of the principal will be at the sole discretion of the trustees of the County United Way.

**COUNTY UNITED WAY, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**Note 5 – Other assets - endowment fund (continued)**

The Endowment Committee pursuant to the Bylaws of County United Way provides guidance to managing the endowment funds. The committee is composed of at least 1 representative from each geographical area that has a vested interest in the endowment. The committee shall also include the Treasurer of the Organization and include individuals with experience or training in investing funds, financial or business management.

In April 2009, the State of Maryland enacted a version of Uniform Prudent Management of Institutional Funds Act. The new law, eliminates the historical-dollar-threshold and establishes prudent spending guidelines that consider both the duration and preservation of the fund. As a result of this enactment, subject to the donor's intent as expressed in a gift agreement or similar document, a Maryland charitable organization may now spend the amount of the principal and income of an endowment fund, even from an underwater fund, after considering the factors listed in the Act.

All assets of the endowment are donor and permanently restricted.

A summary of the investments is as follows:

<u>2019</u>	<u>Market Value</u>	<u>Cost Basis</u>	<u>Unrealized Gain/(Loss)</u>
Allegany County	\$363,837	\$324,844	\$38,993
Hampshire County	40,231	36,013	4,218
Mineral County	19,421	16,489	2,932
Garrett County	<u>14,402</u>	<u>12,891</u>	<u>1,511</u>
Total	<u>\$437,891</u>	<u>\$390,237</u>	<u>\$47,654</u>
<u>2018</u>	<u>Value</u>	<u>Basis</u>	<u>Gain/(Loss)</u>
Allegany County	\$360,432	\$326,686	\$33,746
Hampshire County	39,958	36,217	3,741
Mineral County	18,296	16,583	1,713
Garrett County	<u>14,304</u>	<u>12,965</u>	<u>1,339</u>
Total	<u>\$432,990</u>	<u>\$392,451</u>	<u>\$40,539</u>

All marketable securities are available-for-sale and can be liquidated at any time.

**COUNTY UNITED WAY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**Note 5 – Other assets - endowment fund (continued)**

The endowment fund cash and cash equivalents are allocated as follows:

	<b>June 30,</b>	
	<b>2019</b>	<b>2018</b>
Allegany County	\$ 18,454	\$ 22,908
Hampshire County	2,046	2,540
Mineral County	937	1,163
Garrett County	732	909
Total	\$ 22,169	\$ 27,520

The composition of endowment net assets for this fund and the changes in endowment net assets as of June 30, 2019 and 2018 are as follows:

	<b><u>Net Assets with Donor Restrictions</u></b>
Endowment net assets, July 1, 2017	\$ 429,154
Contributions	1,000
Investment return (net)	30,356
Amounts appropriated for expenditure	-0-
Endowment net assets, June 30, 2018	\$ 460,510
Contributions	1,000
Investment return (net)	31,023
Amounts appropriated for expenditure	(32,473)
Endowment net assets, June 30, 2019	\$ 460,060

**COUNTY UNITED WAY, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**Note 6 – Fair value measurements**

Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) 820, “Fair Value Measurements and Disclosures,” provides the framework for measuring fair value. That framework provides 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) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy under ASC 820 are described below:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2 Inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability’s fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following table sets forth by level, within the fair value hierarchy, the Organization’s investments at fair value as of June 30, 2019:

	<b>Investments at Fair Value as of June 30, 2019</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Mutual funds and stocks				
Equity funds and stocks	\$ 237,358	\$ -	\$ -	237,358
Fixed income funds	200,533	-	-	200,533
Total investments at fair value	<u>\$ 437,891</u>	<u>\$ -</u>	<u>\$ -</u>	<u>437,891</u>



**COUNTY UNITED WAY, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**Note 6 – Fair value measurements (continued)**

The following table sets forth by level, within the fair value hierarchy, the Organization's investments at fair value as of June 30, 2018:

	<b>Investments at Fair Value as of June 30, 2018</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Mutual funds and stocks				
Equity funds and stocks	\$ 251,861	\$ -	\$ -	251,861
Fixed income funds	181,129	-	-	181,129
Total investments at fair value	<u>\$ 432,990</u>	<u>\$ -</u>	<u>\$ -</u>	<u>432,990</u>

**Note 7 – Subsequent year's appropriations**

The nonaffiliated agency appropriations can be payable more than one year from the date of receiving the pledge.

The 2020 Campaign Appropriations have been recorded as a payable as of June 30, 2019. These amounts will be paid monthly from July 1, 2019 through June 30, 2020. The appropriations are determined by the Board of Directors.

**Note 8 – Net assets**

The net assets of the Organization as of June 30, 2019 and 2018, were \$610,264 and \$527,463, respectively, which consisted of \$126,841 and \$78,730 without donor restrictions and \$483,423 and \$448,733 with donor restrictions, respectively.

As discussed in Note 5, County United Way, Inc. has established an endowment fund. The fund consists of cash and cash equivalents, investments, and pledges receivable that have been permanently restricted by the donors. The net assets of the endowment totaled \$460,060 and \$460,510 as of June 30, 2019 and 2018, respectively.

**COUNTY UNITED WAY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**Note 9 – Allowance for uncollectible pledges**

The Organization historically has not collected 8%-12% of the pledges received from the annual campaign. Based on the results of the most recently completed campaign, the Organization has determined that an allowance of 6% is appropriate in the current year's campaign and retroactively for the 2019 campaign. The Organization calculated and estimated the uncollectible portion of pledges receivable as of June 30, 2019 and 2018, to be \$81,583 and \$111,770, respectively. For the year ended June 30, 2019, \$48,093 was from the 2018 campaign, \$32,806 was from the 2019 campaign, and \$684 from the 2020 campaign. Any variance in the actual uncollectible pledges and the allowance account for a campaign is adjusted in the following year.

**Note 10 – Pension plan**

The Organization provides eligible employees with a Simplified Employee Pension plan with Mutual of America. To be eligible, an employee must be at least 21 years old and have completed one year of service. Contributions are made solely by County United Way, Inc. at ten percent of each eligible employee's salary. An employee's eligible salary does not include performance bonuses. All retirement benefits are fully and immediately vested.

County United Way, Inc. made contributions to the plan, net of dividends, in 2019 and 2018, of \$10,909 and \$11,145 respectively.

The plan also provides for disability income, as well as protection of the employee's retirement plan in the event of disability, with contributions funded by the County United Way, Inc.

**Note 11 – Credit risk**

As of June 30, 2019 and 2018, the Organization has recorded pledges receivable from various corporate and individual donors. These pledges receivable are not collateralized.

At times throughout each year, the Organization may maintain cash balances in certain bank accounts in excess of the FDIC limits. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant risk in these accounts.

**COUNTY UNITED WAY, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**Note 12 – Contributed facilities and services**

The Organization received in-kind revenue contributions of \$326,967 and \$201,737 for the years ended June 30, 2019 and 2018, respectively. The in-kind revenue consists of office space rental, utilities related to the office space/storage, professional fees, advertising, Labor, Stuff the Bus, Day of Caring and Sharing expenses and website gift, books, and vitamins. The contributions are summarized as follows:

	<b>June 30,</b>	
	<b>2019</b>	<b>2018</b>
Office space/Storage	\$ 8,090	\$ 4,200
Utilities	190	1,800
Professional fees	3,900	3,500
Advertising	2,108	8,000
Labor	241,364	170,534
Day of Caring and Sharing Expenses		
Stuff the Bus and Website gift	27,513	13,703
Books	43,362	-0-
Vitamins	440	-0-
	\$ 326,967	\$ 201,737
Total		

For Fiscal year 2018 the Organization rented space at 101 S. Centre Street which they paid \$250 a month. As of 08/01/2018 the Organization moved to 113A S. Centre Street in which they do not pay any rent but do pay for electricity. Rent expense has been included in the Statements of Functional Expenses as "Rent and Equipment Maintenance." Rent expense for the years ended June 30, 2019 and 2018, amounted to \$7,200 and \$7,200 respectively.

COUNTY UNITED WAY, INC.

NOTES TO FINANCIAL STATEMENTS

Note 13 – Current year's pledge revenue

2019

The current year's pledge revenue represents 2018, 2019, and 2020 campaign pledges received after June 30, 2018 and 2020 campaign pledges received by June 30, 2019, net of allowance for uncollectible pledges. A summary of current year's pledge revenue is as follows:

Pledges received	\$ 545,403
Estimated uncollectible pledges	(35,731)
2017 campaign collections in excess of allowance	32,892
Refund from previous years campaign	<u>6,285</u>
Total	<u>\$ 548,849</u>

Pledge revenue consists of \$2,012 from the 2018 campaign, \$531,997 from the 2019 campaign and \$11,394 from the 2020 campaign.

The remainder of the 2020 campaign pledge revenue will be recognized in the June 30, 2020 financial statements since the campaign concludes on April 30, 2020.

2018

The current year's pledge revenue represents 2017, 2018, and 2019 campaign pledges received after June 30, 2017 and 2019 campaign pledges received by June 30, 2018, net of allowance for uncollectible pledges. A summary of current year's pledge revenue is as follows:

Pledges received	\$ 615,224
Estimated uncollectible pledges	(49,244)
2016 campaign collections in excess of allowance	<u>26,826</u>
Total	<u>\$ 592,806</u>

Pledge revenue consists of \$6,075 from the 2017 campaign, \$594,374 from the 2018 campaign and \$14,775 from the 2019 campaign.

The remainder of the 2019 campaign pledge revenue will be recognized in the June 30, 2019 financial statements since the campaign concluded on April 30, 2019.

COUNTY UNITED WAY, INC.

NOTES TO FINANCIAL STATEMENTS

**Note 14 – Disclosure of certain risks and uncertainties**

The Organization holds investments in various investment securities. Investment securities are exposed to risks such as interest rate, market, and credit. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the endowment fund balance and the amounts reported in the statements of financial position.

**Note 15 – Special Programs**

Special Programs on the Statements of Activities consists of revenues and expenses for the Dolly Parton Imagination Library, the Western Maryland Mission of Mercy and the Verso Emergency Funds. The Dolly Parton Imagination Library provides free books to children from birth to age 5. The Western Maryland Mission of Mercy provides dental services to low income, uninsured and underserved adults. The Verso Emergency Funds are used to aid workers of the recent Verso paper mill closure. This started in Fiscal Year 2019. These funds are separate from the annual campaign.

**Note 16 - Operating Lease**

In April 2017 the Organization entered into a lease agreement with monthly payments of \$179 per month. Total payments under these agreements for the years ended June 30, 2019 and June 30, 2018 were \$2,148 and \$2,148, respectively.

The schedule of future lease commitments under the lease obligation is as follows:

Years ending June 30,

2020	\$ 2,148
2021	<u>1,969</u>
	<u>\$ 4,117</u>

**Note 17 - Subsequent events**

The Organization has evaluated subsequent events through September 27, 2019 which is the date that the financial statements were available to be released.