

COUNTY UNITED WAY, INC.

FINANCIAL STATEMENTS

Years Ended June 30, 2020 and 2019

COUNTY UNITED WAY, INC.

Years Ended June 30, 2020 and 2019

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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, 2020 and 2019, 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, 2020 and 2019, 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.

A handwritten signature in black ink that reads "Kenneth J. Payne, LLC". The signature is written in a cursive, flowing style.

Cumberland, Maryland
October 19, 2020

COUNTY UNITED WAY, INC.

STATEMENTS OF FINANCIAL POSITION

June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash and cash equivalents	\$ 397,395	\$ 295,522
Pledges receivable, net of allowance for uncollectible pledges	91,583	127,597
TOTAL CURRENT ASSETS	<u>488,978</u>	<u>423,119</u>
FURNITURE AND EQUIPMENT, net of accumulated depreciation	<u>3,039</u>	<u>4,106</u>
OTHER ASSETS		
Cash and cash equivalents restricted for endowment fund	40,623	22,169
Investments restricted for endowment fund	440,801	437,891
TOTAL OTHER ASSETS	<u>481,424</u>	<u>460,060</u>
 TOTAL ASSETS	 <u>\$ 973,441</u>	 <u>\$ 887,285</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts Payable	\$ 660	\$ 1,055
Paycheck protection program loan	39,700	-
Allocations payable - affiliated and unaffiliated agency appropriations	300,786	270,131
Payroll withholdings payable	3,667	2,262
Due to United Way of America	3,572	3,572
TOTAL CURRENT LIABILITIES	<u>348,385</u>	<u>277,021</u>
NET ASSETS		
Without donor restrictions	115,621	126,841
With donor restrictions	509,435	483,423
TOTAL NET ASSETS	<u>625,056</u>	<u>610,264</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 973,441</u>	 <u>\$ 887,285</u>

See Notes to Financial Statements

COUNTY UNITED WAY, INC.

STATEMENTS OF ACTIVITIES

Years Ended June 30, 2020 and 2019

	2020		2019	
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions
PUBLIC SUPPORT AND RECLASSIFICATIONS				
Current year's pledges, net of allowance for uncollectible pledges	\$ 484,776	\$ -	\$ 548,849	\$ -
TOTAL PUBLIC SUPPORT AND RECLASSIFICATIONS	<u>484,776</u>	<u>-</u>	<u>548,849</u>	<u>-</u>
OTHER REVENUES				
Investment income	186	3,809	216	15,769
Endowment fund contributions	-	700	-	500
Special events	16,514	-	19,319	-
Increase/ (decrease) in market value of investments	-	16,854	-	15,255
Special Programs	-	28,013	-	75,804
Funds contributed (to) from operating account for Verso	152,217	-	(8,000)	8,000
Contributed facilities and services	-	46,864	326,967	-
COVID-19 micro grants	-	96,240	-	-
TOTAL OTHER REVENUES	<u>168,917</u>	<u>96,240</u>	<u>338,502</u>	<u>115,328</u>
TOTAL SUPPORT AND REVENUES	<u>653,693</u>	<u>96,240</u>	<u>887,351</u>	<u>115,328</u>
EXPENSES				
Payments to agencies	268,077	-	270,100	-
Payments to national organization	6,754	-	7,144	-
Books	-	-	43,362	-
Functional expenses				
Management and general	16,968	-	19,513	-
Fund-raising	90,217	-	150,267	-
Program services	242,539	-	303,908	-
Special programs	-	59,341	-	80,638
Special events	40,358	-	44,946	-
COVID-19 micro grants	-	10,887	-	-
TOTAL EXPENSES	<u>664,913</u>	<u>70,228</u>	<u>839,240</u>	<u>80,638</u>
CHANGES IN NET ASSETS				
	(11,220)	26,012	48,111	34,690
NET ASSETS (DEFICIT), beginning of year	<u>126,841</u>	<u>483,423</u>	<u>78,730</u>	<u>448,733</u>
TOTAL NET ASSETS (DEFICIT)	<u>\$ 115,621</u>	<u>\$ 509,435</u>	<u>\$ 126,841</u>	<u>\$ 483,423</u>

See Notes to Financial Statements

COUNTY UNITED WAY, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

Years Ended June 30, 2020 and 2019

	2020				2019			
	Management and General	Fund-raising	Program Services	Total	Management and General	Fund-raising	Program Services	Total
Salaries	\$ 7,144	\$ 37,979	\$102,101	\$147,224	\$ 5,678	\$ 43,729	\$ 88,440	\$137,847
Employee benefits	1,186	6,301	16,940	24,427	909	6,998	14,153	22,060
Payroll taxes	552	2,934	7,887	11,373	437	3,366	6,806	10,609
TOTAL SALARIES AND RELATED EXPENSES	8,882	47,214	126,928	183,024	7,024	54,093	109,399	170,516
Advertising	133	709	1,908	2,750	146	1,123	2,272	3,541
Professional fees	765	4,069	10,941	15,775	633	4,877	9,865	15,375
Supplies	237	1,262	3,392	4,891	39	301	607	947
Telephone & Internet	113	602	1,618	2,333	117	900	1,821	2,838
Postage and shipping	147	780	2,096	3,023	125	959	1,939	3,023
Occupancy	235	1,248	3,356	4,839	139	1,068	2,160	3,367
Rent and equipment maintenance	630	3,351	9,009	12,990	542	4,174	8,442	13,158
Printing and publications	138	733	1,969	2,840	202	1,557	3,150	4,909
Travel	164	873	2,347	3,384	131	1,008	2,038	3,177
Insurance	140	747	2,007	2,894	150	1,156	2,337	3,643
Miscellaneous	358	1,905	5,122	7,385	160	1,231	2,491	3,882
Fees and licenses	100	534	1,437	2,071	108	829	1,677	2,614
In-kind labor	4,767	25,345	68,137	98,249	9,942	76,568	154,854	241,364
In-kind food	98	522	1,405	2,025	-	-	-	-
TOTAL BEFORE DEPRECIATION	16,907	89,894	241,672	348,473	19,458	149,844	303,052	472,354
Depreciation	61	323	867	1,251	55	423	856	1,334
TOTAL FUNCTIONAL EXPENSES	\$ 16,968	\$ 90,217	\$242,539	\$349,724	\$ 19,513	\$150,267	\$303,908	\$473,688

See Notes to Financial Statements

COUNTY UNITED WAY, INC.

STATEMENTS OF CASH FLOWS

Years Ended June 30, 2020 and 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ 14,792	\$ 82,801
Adjustments to reconcile changes in net assets to net cash from operating activities		
Depreciation	1,251	1,334
Allowance for uncollectible pledges	(18,157)	(30,186)
(Increase)/decrease in market value of investments	(16,854)	15,255
Decrease (increase) in operating assets		
Pledges receivable	54,171	76,380
Increase (decrease) in operating liabilities		
Accounts Payable	(395)	(1,770)
Allocations payable – Affiliated & Unaffiliated Agency Appropriations	30,655	(12,363)
Due to United Way of America	-	54
Payroll withholdings payable	1,405	137
NET CASH FLOWS FROM OPERATING ACTIVITIES	66,868	131,642
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(76,867)	(142,516)
Sales Proceeds from Investments	53,902	122,360
Purchase of furniture and equipment	(184)	(300)
Cash and cash equivalents restricted for endowment fund	18,454	5,351
NET CASH FLOWS FROM INVESTING ACTIVITIES	(4,695)	(15,105)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Paycheck Protection Program (PPP) loan	39,700	-
NET CASH FLOWS FROM FINANCING ACTIVITIES	39,700	-
NET DECREASE IN CASH AND CASH EQUIVALENTS	101,873	116,537
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	295,522	178,985
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 397,395	\$ 295,522
SUPPLEMENTAL DISCLOSURE OF NONCASH TRANSACTIONS:		
Contributed facilities and services	\$ 152,217	\$ 326,967

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, 2020 and 2019:

	2020	2019
Financial assets at year-end:		
Cash and cash equivalents	\$ 397,395	\$ 295,522
Contributions receivable, net of allowance	91,583	127,597
Endowment fund	481,424	460,060
Total financial assets	\$ 970,402	\$ 883,179
Less amounts not available to be used within one year:		
Net assets with donor restrictions	\$ (509,435)	\$ (483,423)
Financial assets available to meet general expenditures over the next twelve months	\$ 460,967	\$ 399,756

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, 2020 and 2019, consisted of:

	2020	2019
Pledges receivable	\$ 155,009	\$ 209,180
Allowance for uncollectible pledges	(63,426)	(81,583)
Total	\$ 91,583	\$ 127,597

As of June 30, 2020, there was \$0 of receivables due from the 2021 campaign, \$137,820 of receivables due from the 2020 campaign and \$17,189 of receivables due from the 2019 campaign.

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.

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:

	June 30,	
	2020	2019
Cost	\$ 33,424	\$ 33,240
Accumulated depreciation	(30,385)	(29,134)
Net book value	\$ 3,039	\$ 4,106

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>2020</u>	<u>Market Value</u>	<u>Cost Basis</u>	<u>Unrealized Gain/(Loss)</u>
Allegany County	\$366,402	\$313,525	\$52,877
Hampshire County	40,620	34,758	5,862
Mineral County	19,238	16,462	2,776
Garrett County	<u>14,541</u>	<u>12,442</u>	<u>2,099</u>
Total	<u>\$440,801</u>	<u>\$377,187</u>	<u>\$63,614</u>
<u>2019</u>	<u>Value</u>	<u>Basis</u>	<u>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>

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:

	<u>June 30,</u>	
	<u>2020</u>	<u>2019</u>
Allegany County	\$ 33,767	\$ 18,454
Hampshire County	3,743	2,046
Mineral County	1,773	937
Garrett County	<u>1,340</u>	<u>732</u>
Total	<u>\$ 40,623</u>	<u>\$ 22,169</u>

The composition of endowment net assets for this fund and the changes in endowment net assets as of June 30, 2020 and 2019 are as follows:

	<u>Net Assets with Donor Restrictions</u>
Endowment net assets, July 1, 2018	\$ 460,510
Contributions	1,000
Investment return (net)	31,023
Amounts appropriated for expenditure	<u>(32,473)</u>
Endowment net assets, June 30, 2019	\$ 460,060
Contributions	700
Investment return (net)	20,664
Amounts appropriated for expenditure	<u>-0-</u>
Endowment net assets, June 30, 2020	<u>\$ 481,424</u>

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, 2020:

	Investments at Fair Value as of June 30, 2020			
	Level 1	Level 2	Level 3	Total
Mutual funds and stocks				
Equity funds and stocks	\$ 252,835	\$ -	\$ -	252,835
Fixed income funds	187,966	-	-	187,966
Total investments at fair value	\$ 440,801	\$ -	\$ -	440,801

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, 2019:

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

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 2021 Campaign Appropriations have been recorded as a payable as of June 30, 2020. These amounts will be paid monthly from July 1, 2020 through June 30, 2021. The appropriations are determined by the Board of Directors.

Note 8 – Net assets

The net assets of the Organization as of June 30, 2020 and 2019, were \$625,056 and \$610,264, respectively, which consisted of \$115,621 and \$126,841 without donor restrictions and \$509,435 and \$483,423 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 \$481,424 and \$460,060 as of June 30, 2020 and 2019, respectively.

COUNTY UNITED WAY, INC.

NOTES TO FINANCIAL STATEMENTS

Note 9 – Allowance for uncollectible pledges

The Organization historically has not collected 6%-10% 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 2020 campaign. The Organization calculated and estimated the uncollectible portion of pledges receivable as of June 30, 2020 and 2019, to be \$63,426 and \$81,583, respectively. For the year ended June 30, 2020, \$32,974 was from the 2019 campaign, \$30,422 was from the 2020 campaign, and \$30 from the 2021 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 2020 and 2019, of \$14,526 and \$10,909 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, 2020 and 2019, 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 \$152,217 and \$326,967 for the years ended June 30, 2020 and 2019, 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:

	June 30,	
	2020	2019
Office space/Storage	\$ 7,740	\$ 8,090
Utilities	-0-	190
Professional fees	4,809	3,900
Advertising	2,108	2,108
Labor	98,249	241,364
Day of Caring and Sharing Expenses		
Stuff the Bus and Website gift	33,065	27,513
Books	-0-	43,362
Vitamins	-0-	440
Food	2,025	-0-
Miscellaneous	406	-0-
Office supplies	3,815	-0-
Total	\$ 152,217	\$ 326,967

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, 2020 and 2019, amounted to \$7,740 and \$8,090 respectively.

COUNTY UNITED WAY, INC.
NOTES TO FINANCIAL STATEMENTS

Note 13 – Current year's pledge revenue

2020

The current year's pledge revenue represents 2019, 2020, and 2021 campaign pledges received after June 30, 2019 and 2021 campaign pledges received by June 30, 2020, net of allowance for uncollectible pledges. A summary of current year's pledge revenue is as follows:

Pledges received	\$ 498,931
Estimated uncollectible pledges	(33,612)
2018 campaign collections in excess of allowance	<u>19,457</u>
Total	<u>\$ 484,776</u>

Pledge revenue consists of \$2,801 from the 2019 campaign, \$495,632 from the 2020 campaign and \$498 from the 2021 campaign.

The remainder of the 2021 campaign pledge revenue will be recognized in the June 30, 2021 financial statements since the campaign concludes on April 30, 2021.

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 concluded on April 30, 2020.

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, 2020 and June 30, 2019 were \$2,148 and \$2,148, respectively.

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

Years ending June 30,

2021	<u>\$ 1,969</u>
	<u>\$ 1,969</u>

Note 17 - Paycheck Protection Program (PPP)

The Organization received a \$39,700 loan through the Paycheck Protection Program to help fund operations of the Organization. After June 30, 2020, the Organization filed for and received full forgiveness of this amount.

COUNTY UNITED WAY, INC.

NOTES TO FINANCIAL STATEMENTS

Note 18 - General risks and uncertainties

Recent economic and government reactions to the COVID-19 pandemic have resulted in temporary reductions or shut down of operations for some businesses and created many economic uncertainties. These events could impact our financial condition and operating results. However, the financial impact cannot be reasonably estimated at this time.

Note 19 - Subsequent events

The Organization has evaluated subsequent events through October 19, 2020 which is the date that the financial statements were available to be released.