

UNITED WAY OF IREDELL COUNTY, INC.
FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
For the Years Ended June 30, 2019 and 2018

UNITED WAY OF IREDELL COUNTY, INC.

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◆ MEMBERS ◆

American Institute of
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
United Way of Iredell County, Inc.

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

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information on pages 18 and 19 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.

Potts, Rhyne & White, P.A.

Statesville, North Carolina

October 22, 2019

UNITED WAY OF IREDELL COUNTY, INC.
STATEMENTS OF FINANCIAL POSITION
June 30, 2019 and 2018

	2019	2018
ASSETS		
Cash and cash equivalents	\$ 182,276	\$ 241,229
Accounts receivable	26,890	1,997
Pledges receivable, net	627,715	214,819
Investments	1,592,754	1,229,786
Prepaid expenses	14,077	37,479
Property and equipment, net	360,070	374,539
Cash surrender value of life insurance	2,564	
Other assets	1,955	1,314
TOTAL ASSETS	\$ 2,808,301	\$ 2,101,163
LIABILITIES		
Accounts payable and accrued expenses	\$ 27,241	\$ 5,059
Agency allocations payable	438,065	438,065
Deferred revenue		5,405
Designated pledges payable	9,709	10,264
TOTAL LIABILITIES	475,015	458,793
NET ASSETS (DEFICIT)		
Without donor restrictions		
Undesignated	(339,599)	(331,958)
Designated by the board for endowment purposes	1,588,112	1,225,562
Designated by the board for building	79,044	80,221
With donor restrictions	1,005,729	668,545
TOTAL NET ASSETS	2,333,286	1,642,370
TOTAL LIABILITIES AND NET ASSETS	\$ 2,808,301	\$ 2,101,163

See accompanying notes.

UNITED WAY OF IREDELL COUNTY, INC.
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2019

	Net assets without donor restrictions	Net assets with donor restrictions	Total
Public support and revenue:			
Contributions	\$ 450,089	\$ 1,062,529	\$ 1,512,618
Grants	48,735		48,735
Less designated pledges		(9,709)	(9,709)
Less provision for uncollectibles		(47,091)	(47,091)
TOTAL PUBLIC SUPPORT	498,824	1,005,729	1,504,553
Other revenue:			
Investment income	252		252
Net realized and unrealized gain (loss) on investments	43,304		43,304
Expense reimbursement	350		350
Sales and income tax refunds	979		979
Rent income	64,864		64,864
TOTAL OTHER REVENUE	109,749		109,749
TOTAL REVENUE AND SUPPORT	608,573	1,005,729	1,614,302
NET ASSETS RELEASED FROM TIME RESTRICTIONS	668,545	(668,545)	
TOTAL SUPPORT, REVENUE AND RECLASSIFICATION	1,277,118	337,184	1,614,302
Expenses:			
Program services:			
Agency allocations	456,106		456,106
Less designated pledges	(10,264)		(10,264)
Other program services	198,792		198,792
Supporting services:			
Management and general	88,900		88,900
Fundraising	189,852		189,852
TOTAL EXPENSES	923,386		923,386
INCREASE IN NET ASSETS	353,732	337,184	690,916
NET ASSETS AT BEGINNING OF YEAR	973,825	668,545	1,642,370
NET ASSETS AT END OF YEAR	\$ 1,327,557	\$ 1,005,729	\$ 2,333,286

See accompanying notes.

UNITED WAY OF IREDELL COUNTY, INC.
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2018

	Net assets without donor restrictions	Net assets with donor restrictions	Total
Public support and revenue:			
Contributions	\$ 87,765	\$ 715,183	\$ 802,948
Less designated pledges		(10,264)	(10,264)
Less provision for uncollectibles		(36,374)	(36,374)
	87,765	668,545	756,310
TOTAL PUBLIC SUPPORT	87,765	668,545	756,310
Other revenue:			
Investment income	263		263
Net realized and unrealized gain (loss) on investments	86,400		86,400
Expense reimbursement	1,362		1,362
Sales and income tax refunds	586		586
Rent income	64,864		64,864
	153,475		153,475
TOTAL OTHER REVENUE	153,475		153,475
TOTAL REVENUE AND SUPPORT	241,240	668,545	909,785
NET ASSETS RELEASED FROM TIME RESTRICTIONS	561,641	(561,641)	
TOTAL SUPPORT, REVENUE AND RECLASSIFICATION	802,881	106,904	909,785
Expenses:			
Program services:			
Agency allocations	456,351		456,351
Less designated pledges	(13,507)		(13,507)
Other program services	163,315		163,315
Supporting services:			
Management and general	86,041		86,041
Fundraising	107,705		107,705
	799,905		799,905
TOTAL EXPENSES	799,905		799,905
INCREASE IN NET ASSETS	2,976	106,904	109,880
NET ASSETS AT BEGINNING OF YEAR	970,849	561,641	1,532,490
NET ASSETS AT END OF YEAR	\$ 973,825	\$ 668,545	\$ 1,642,370

See accompanying notes.

UNITED WAY OF IREDELL COUNTY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2019

	Supporting Services			Total
	Program Services	Management and General	Fundraising	
Agency allocations	\$ 456,106	\$	\$	\$ 456,106
Less designated pledges	(10,264)			(10,264)
Sub-total	<u>445,842</u>			<u>445,842</u>
Salaries	60,311	46,846	76,916	184,073
Employee benefits	1,935	1,503	2,468	5,906
Payroll taxes	4,284	3,328	6,896	14,508
Sub-total	<u>66,530</u>	<u>51,677</u>	<u>86,280</u>	<u>204,487</u>
Mileage	711	553	907	2,171
Occupancy	7,106	5,521	9,063	21,690
Repairs and maintenance	650	504	828	1,982
Audit and accounting		18,300		18,300
Office supplies	656	509	837	2,002
Campaign supplies	2,623		7,870	10,493
Dues and memberships	155	120	399	674
Computer and internet expense	2,169	1,685	2,766	6,620
Copier lease and supplies	1,605	1,247	2,047	4,899
Telephone	1,232	957	1,571	3,760
Meeting expense	1,419			1,419
Postage	481	373	613	1,467
Insurance and bond	7,052	1,700	2,791	11,543
Miscellaneous	539	417	687	1,643
Depreciation	4,740	3,682	6,047	14,469
Bank charges	457	355	583	1,395
Marketing	9,734		2,433	12,167
211 expense	2,745			2,745
Transport expense	52,718			52,718
Special event expense	27,581		3,348	30,929
Other planned giving			56,561	56,561
Professional development	331	257	422	1,010
Sub-total	<u>124,704</u>	<u>36,180</u>	<u>99,773</u>	<u>260,657</u>
N.C. United Way	1,298		669	1,967
United Way Worldwide	6,260	1,043	3,130	10,433
Sub-total	<u>7,558</u>	<u>1,043</u>	<u>3,799</u>	<u>12,400</u>
Total expenses	<u>\$ 644,634</u>	<u>\$ 88,900</u>	<u>\$ 189,852</u>	<u>\$ 923,386</u>

See accompanying notes.

UNITED WAY OF IREDELL COUNTY, INC.
 STATEMENT OF FUNCTIONAL EXPENSES
 For the Year Ended June 30, 2018

	Program Services	Supporting Services		Total
		Management and General	Fundraising	
Agency allocations	\$ 456,351	\$	\$	\$ 456,351
Less designated pledges	(13,507)			(13,507)
Sub-total	<u>442,844</u>			<u>442,844</u>
Salaries	59,486	46,053	56,804	162,343
Payroll taxes	4,572	3,540	4,366	12,478
Sub-total	<u>64,058</u>	<u>49,593</u>	<u>61,170</u>	<u>174,821</u>
Mileage	801	620	765	2,186
Occupancy	7,204	5,577	6,879	19,660
Repairs and maintenance	613	586	474	1,673
Audit and accounting		17,200		17,200
Office supplies	1,200	930	1,146	3,276
Campaign supplies	3,318		9,952	13,270
Dues and memberships	511	395	690	1,596
Computer and internet expense	2,495	1,931	2,382	6,808
Copier lease and supplies	1,464	1,134	1,398	3,996
Telephone	986	763	942	2,691
Meeting expense	2,309		543	2,852
Postage	490	379	468	1,337
Insurance and bond	1,533	1,186	1,464	4,183
Miscellaneous		486	233	719
Depreciation	5,553	4,300	5,303	15,156
Bank charges	414	320	396	1,130
Marketing	1,168	584	7,771	9,523
211 expense	2,745			2,745
Transport expense	24,000			24,000
Special event expense	26,015			26,015
Other planned giving	11,247		1,248	12,495
Professional development	73	57	70	200
Sub-total	<u>94,139</u>	<u>36,448</u>	<u>42,124</u>	<u>172,711</u>
N.C. United Way	1,760		1,173	2,933
United Way Worldwide	3,358		3,238	6,596
Sub-total	<u>5,118</u>		<u>4,411</u>	<u>9,529</u>
Total expenses	<u>\$ 606,159</u>	<u>\$ 86,041</u>	<u>\$ 107,705</u>	<u>\$ 799,905</u>

See accompanying notes.

UNITED WAY OF IREDELL COUNTY, INC.
STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2019 and 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets	\$ 690,916	\$ 109,880
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	14,469	15,156
Reinvested investment income	(242)	(251)
Net realized and unrealized (gain) loss on investments	(43,304)	(86,400)
Noncash donation of investments		(4,969)
(Increase) decrease in operating assets:		
Accounts receivable	(24,893)	1,916
Bequest receivable		35,000
Pledges receivable	(412,896)	(38,671)
Prepaid expenses	23,402	(32,263)
Cash value of life insurance	(2,564)	
Other assets	(641)	
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	22,182	1,752
Agency allocations payable		23,983
Deferred revenue	(5,405)	
Designated pledges payable	(555)	(3,243)
NET CASH PROVIDED BY OPERATING ACTIVITIES	260,469	21,890
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of securities	(378,374)	(37,427)
Proceeds from sale of investment		1,222
Proceeds from endowment	58,952	54,825
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	(319,422)	18,620
NET INCREASE (DECREASE) IN CASH	(58,953)	40,510
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		
	241,229	200,719
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 182,276	\$ 241,229
SUPPLEMENTAL DISCLOSURE		
Interest paid	\$ 0	\$ 0

See accompanying notes.

UNITED WAY OF IREDELL COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

United Way of Iredell County, Inc. (the Organization) is a nonprofit organization organized in 1954 in the state of North Carolina. The Organization is dedicated to enriching the quality of life by uniting citizens and agencies in a community-wide effort to plan, support, deliver and monitor effective health and human care services responsive to community needs. The Organization serves the Statesville, Troutman, and northern Iredell County areas.

Basis of Accounting

The financial statements are prepared on the accrual basis of accounting in accordance with generally accepted accounting principles and accordingly reflect all significant receivables, payables and other liabilities.

Basis of Presentation

The Organization reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions.

The governing board has designated, from net assets without donor restrictions, net assets for a building fund and a board-designated endowment.

Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Net assets with donor restrictions are resources that are subject to donor-imposed restrictions. Some restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in a particular future period. Other restrictions may be perpetual in nature; such as those that are restricted by a donor that the resources be maintained in perpetuity. When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

Pledges designated to specific member agencies are recorded as a liability (designated pledges payable) on the Statements of Financial Position and undesignated pledges are recognized as support on the Statement of Activities.

UNITED WAY OF IREDELL COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Program Services

The Organization supports the education, income, and health of individuals across the service area by mobilizing volunteer, in-kind, and financial resources; actively engaging in community planning and dialogue around these issues sharing information about the resources available; and building organizational capacity in the sector by providing oversight, training, and collaborative opportunities for local nonprofits.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the Organization's management to make estimates and assumptions that affect the reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Significant estimates include depreciable lives of property and equipment, amortization period of prepaid fundraising costs and allocation of functional expenses.

Accounts and Pledges Receivable

Accounts and pledges receivable are stated at the amount the Organization expects to collect from outstanding balances. The Organization uses the allowance method to determine uncollectible pledges receivable. The allowance is based on prior years' experience and management's analysis of specific promises made.

Investments

Investment presentation follows the recommendations of the Financial Accounting Standards Board in its Accounting Standards Codification (ASC). The ASC defines fair value as the exchange price that would be received for an asset or paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The ASC requires that valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs. It establishes a fair value hierarchy which prioritizes the valuation inputs into three broad levels. Level 1 inputs consist of quoted prices in active markets for identical assets. Level 2 inputs include quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets where there is not sufficient activity, and/or where price quotations vary substantially either over time or among market makes, or in which little information is released publicly. Level 2 inputs other than quoted prices include: commonly quoted interest rates, yield curves, volatilities, prepayment speeds, loss severities, credit risks, default rates, and inputs that are derived principally from market data. Level 3 inputs are unobservable and generally rely on market experience and expertise to assess the level of activity of a market on a measurement date relative to observable inputs and their quality.

UNITED WAY OF IREDELL COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and Equipment

Property and equipment purchased by the Organization is stated at cost and donated items are stated at fair market value at date of donation. It is the Organization's policy to capitalize property and equipment in excess of \$500. Repairs and maintenance are charged to expense as incurred. When property and equipment is sold or retired, the related costs and accumulated depreciation are removed from the accounts and any gain or loss is included in income. Depreciation is computed on the straight-line method based on the estimated useful lives of 5 to 40 years.

Endowment Funds

The Organization's net assets without donor restrictions include a board designated endowment fund. This fund is held in a pooled investment fund with the Foundation for the Carolinas (see Note F). As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Organization has adopted investment and spending policies, approved by the Board of Directors, that are in line with the Foundation for the Carolinas' policies. Investment objectives include meeting realistic income requirements, providing growth in principal that will support a continuing increase in income, and maintain or increase total principal purchasing power after inflation over the long-term.

The spending policy calculates the amount of money distributed annually from the Organization's endowed fund, for grant making and maintenance of the investment with the Foundation for the Carolinas. Currently, the spendable amount is 5% of the total balance on August 31. All withdrawals from the Endowment must be authorized by the Board of Directors.

Donated Services

The value of donated services is not reflected in the financial statements since there is no objective basis available by which to measure the value of such services. However, many individuals volunteer their time to assist in the fundraising campaign.

Support and Revenue Recognition

Revenue is recognized when earned. Payments under cost-reimbursable contracts received in advance are deferred to the applicable period in which the related services are performed; or expenditures are incurred, respectively. Contributions are recognized when cash, or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met or the donor has explicitly released the restriction.

UNITED WAY OF IREDELL COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Support and Revenue Recognition (continued)

The Organization receives grants and pledges from other United Ways, businesses and foundations, as well as the community at large.

Revenue with and without Donor 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. Contributions of property and equipment are reported as net assets with donor restrictions if the donor restricted the use of the property or equipment to a particular program, as are contributions of cash restricted to the purchase of property and equipment. Otherwise, donor restrictions on contributions of property and equipment or assets restricted for purchase of property and equipment are considered to expire when the assets are placed in service. All other donor-restricted contributions are reported as increases in 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.

Functional Allocation of Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses are charged directly to program or management and general categories based on specific identification. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization. Indirect expenses have been allocated based on analysis of personnel time, resources, or services utilized for the related activity. Although the methods of allocation used are considered reasonable and appropriate, other methods could be used that would produce different results.

Investment Income and Gains

Investment income and gains restricted by donors are reported as increases in net assets without donor restrictions if the restrictions are met (either a stipulated time period ends or a purpose restriction is accomplished) in the reporting period in which the income and gains are recognized.

Income Taxes

United Way of Iredell County, Inc. is an organization exempt from income taxation under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made in the accompanying financial statements.

UNITED WAY OF IREDELL COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income Taxes (continued)

Donations to the Organization qualify as charitable contributions for income tax purposes. The Organization believes that it has appropriate support for any tax positions taken, and as such does not have any uncertain tax positions that are material to the financial statements.

The Organization's federal return of organization exempt from income tax (Form 990) for 2015 through 2018 are subject to examination by the IRS, generally for three years after they are filed.

NOTE B - CASH AND CASH EQUIVALENTS

For purposes of the statements of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

NOTE C - PLEDGES RECEIVABLE

An analysis of pledges receivable at June 30, 2019 and 2018 is as follows:

	2019	2018
Receivable in less than one year:		
Pledges for current year campaign	\$ 234,616	\$ 257,860
Other pledges	148,219	
Receivable in one to five years	329,712	
Total pledges receivable	\$ 712,547	\$ 257,860
Less discounts to present value at 5%	47,000	
Less allowance for uncollectible	37,832	43,041
Pledges receivable, net	\$ 627,715	\$ 214,819

NOTE D - INVESTMENTS

Investments are stated at fair value and are summarized as follows as of June 30, 2019 and 2018:

	Market	
	2019	2018
Mutual fund (Level 1)	\$ 4,642	\$ 4,223
Pooled investments (Level 3)	1,588,112	1,225,563
	\$ 1,592,754	\$ 1,229,786

UNITED WAY OF IREDELL COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE E - PROPERTY AND EQUIPMENT

An analysis of property and equipment at June 30, 2019 and 2018 is as follows:

	2019	2018
Land	\$ 56,862	\$ 56,862
Buildings and improvements	557,451	557,451
Furniture and fixtures	14,684	14,684
Computer equipment	11,884	11,884
Total property and equipment	<u>640,881</u>	<u>640,881</u>
Less accumulated depreciation	280,811	266,342
Property and equipment, net	<u>\$ 360,070</u>	<u>\$ 374,539</u>

Depreciation expense for the years ended June 30, 2019 and 2018 was \$14,469 and \$15,156, respectively.

NOTE F - FAIR VALUE MEASUREMENTS

During 2013, the Board established a board designated endowment ("quasi-endowment") which is held by the Foundation for the Carolinas (consistent with Note A). The fair value measurement of the investment with Foundation for the Carolinas uses significant unobservable inputs (Level 3) and is measured at fair value on a recurring basis.

Assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3):

	2019	2018
Balance at beginning of year	\$ 1,225,563	\$ 1,155,497
Purchases/contributions	378,373	38,596
Management fees	(9,903)	(9,178)
Withdrawals	(58,951)	(54,824)
Total gains and losses (realized and unrealized)	<u>53,030</u>	<u>95,472</u>
Balance at year end	<u>\$ 1,588,112</u>	<u>\$ 1,225,563</u>

Total gains and losses (realized and unrealized) are netted against management fees and included in the Statement of Activities as net realized and unrealized gain (loss) on investments for the years ended June 30, 2019 and 2018. All assets have been valued using a market approach. There have been no changes in valuation techniques and related inputs.

UNITED WAY OF IREDELL COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE G - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following purposes as of June 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
For subsequent periods	\$ 1,005,729	\$ 668,545

NOTE H - EMPLOYEE BENEFIT PLAN

The Organization had a contributory 403(b) pension plan that covered substantially all its employees through December 31, 2018. The Organization did not contribute to the plan. Of the amount listed as employee benefits, \$3,382 is considered additional salary expense paid in order for the employee to take advantage of the salary reduction plan.

Effective January 1, 2019, the Organization sponsors a Simple IRA plan (the Plan) covering all employees who agree to make contributions to the Plan. The Organization makes a 3% matching contribution to the Plan. Total expense for the year ended June 30, 2019 was approximately \$2,525.

NOTE I - OPERATING LEASES

The Organization, as lessee, has a month to month lease for office equipment which is classified as an operating lease. Rent expense under this non-cancelable lease was approximately \$1,586 and \$1,442 for the years ended June 30, 2019 and 2018, respectively.

The Organization, as lessee, has a lease for office space which is classified as an operating lease. This lease will end June 30, 2020. Rental payments were approximately \$1,353 per month and then increased to \$1,394 per month beginning January 1, 2019. Rent expense under this non-cancelable lease was approximately \$17,798 and \$15,768 for the years ended June 30, 2019 and 2018, respectively.

The approximate remaining annual minimum lease payments under the operating leases existing as of June 30, 2019 are:

June 30, 2020	\$ 16,728
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The Organization leases office space to a tenant under a non-cancelable operating lease with the lease term ending on October 31, 2022. The following is a schedule for the next four years of future minimum rentals under the lease at June 30, 2019:

June 30, 2020	\$ 64,860
June 30, 2021	64,860
June 30, 2022	64,860
June 30, 2023	21,620
	\$ 216,200

UNITED WAY OF IREDELL COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE J - OVERHEAD

The overhead ratio for the past three periods is shown below. The overhead ratio is overhead expense divided by total revenue. Overhead expense consists of management and general expenses and fundraising expenses from the Statement of Functional Expenses. Total revenue is total revenue per IRS Form 990, which is the sum of total revenue and support from the Statement of Activities and designated pledges. Revenue per GAAP financial statements and IRS Form 990 differ by designated pledges. The three year rolling average overhead rate for the years ended June 30, 2019 and 2018 are 17.2% and 13.9%, respectively.

Period	Overhead Ratio
June 30, 2019	17.1%
June 30, 2018	21.1%
June 30, 2017	13.5%

NOTE K - CONCENTRATIONS OF CREDIT RISK

Gifts from two individuals comprised approximately 28% of the Organization's pledges receivable at June 30, 2019.

Gifts from one organization comprised approximately 13% of the Organization's contributions and grants for the year ended June 30, 2018. Gifts from two organizations comprised approximately 32% of the Organization's pledges receivable at June 30, 2018.

NOTE L - LIQUIDITY

The following reflects the Organization's financial assets as of the statement of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date.

	2019	2018
Cash and cash equivalents	\$ 182,276	\$ 241,229
Accounts receivable	26,890	1,997
Pledges receivable, net	627,715	214,819
Less amounts expected to be received after one year	(282,685)	
Investments	1,592,754	1,229,786
Financial assets available to meet cash needs for general expenditure within one year	\$ 2,146,950	\$ 1,687,831

UNITED WAY OF IREDELL COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE M - 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 Organization 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 Organization'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 about liquidity and availability of resources (Note L).

NOTE N - RECLASSIFICATIONS

Certain amounts in the prior-year financial statements have been reclassified for comparative purposes to conform to the presentation in the current-year financial statements.

NOTE O - SUBSEQUENT EVENTS

The Organization evaluated subsequent events through October 22, 2019, the date on which the financial statements were issued.

SUPPLEMENTARY INFORMATION

UNITED WAY OF IREDELL COUNTY, INC.
RECONCILIATION OF AGENCY ALLOCATIONS - CASH TO ACCRUAL
For the Year Ended June 30, 2019

	Allocations Paid (Cash Basis)	June 30, 2019 Agency Allocations Payable	June 30, 2018 Agency Allocations Payable	Total (Accrual Basis)
American Red Cross	\$ 10,000	\$ 6,000	\$ (10,000)	\$ 6,000
Boys and Girls Club	30,240	30,500	(30,240)	30,500
Boy Scouts	8,400	9,250	(8,400)	9,250
Council on Aging	45,000	45,000	(45,000)	45,000
Children's Hope Alliance	30,250	29,400	(29,400)	30,250
Elder Center	20,376	18,870	(18,870)	20,376
Fifth Street Ministries	58,658	58,848	(58,172)	59,334
Girl Scouts	8,400	6,000	(8,400)	6,000
Head Start, I-Care	13,000	13,000	(13,000)	13,000
Hospice of Iredell County	34,335	34,335	(34,335)	34,335
Iredell Christian Ministries	7,065	12,462	(6,300)	13,227
Iredell County Partnership for Young Children	8,847	10,000	(8,216)	10,631
Iredell County Rescue Squad	10,820	10,820	(10,820)	10,820
Lifespan	25,647	25,550	(25,550)	25,647
North Iredell Rescue Squad	9,450	9,450	(9,450)	9,450
Piedmont Mediation Center	31,564	32,000	(31,175)	32,389
SCAN of Iredell	28,308	24,000	(22,873)	29,435
The Salvation Army	24,500	15,500	(24,500)	15,500
Troutman Rescue Squad	9,450	9,450	(9,450)	9,450
YMCA	27,700	25,168	(27,615)	25,253
Yokefellow Ministry	6,397	12,462	(6,300)	12,559
Other designations	410	2,872	(2,397)	885
Designations to other United Ways	7,844	6,837	(7,866)	6,815
	<u>\$ 456,661</u>	<u>\$ 447,774</u>	<u>\$ (448,329)</u>	<u>\$ 456,106</u>

See independent auditors' report.

UNITED WAY OF IREDELL COUNTY, INC.
RECONCILIATION OF AGENCY ALLOCATIONS - CASH TO ACCRUAL
For the Year Ended June 30, 2018

	Allocations Paid (Cash Basis)	June 30, 2018 Agency Allocations Payable	June 30, 2017 Agency Allocations Payable	Total (Accrual Basis)
American Red Cross	\$ 13,500	\$ 10,000	\$ (13,500)	\$ 10,000
Boys and Girls Club	32,000	30,240	(32,000)	30,240
Boy Scouts	11,000	8,400	(11,000)	8,400
Council on Aging	42,400	45,000	(42,400)	45,000
Children's Hope Alliance	28,000	29,400	(28,000)	29,400
Elder Center	17,102	18,870	(17,102)	18,870
Fifth Street Ministries	54,000	58,172	(54,000)	58,172
Girl Scouts	9,750	8,400	(9,750)	8,400
Head Start, I-Care	7,650	13,000	(7,650)	13,000
Hospice of Iredell County	29,578	34,335	(29,578)	34,335
Iredell Christian Ministries		6,300		6,300
Iredell County Partnership for Young Children	4,303	8,216	(4,303)	8,216
Iredell County Rescue Squad	10,305	10,820	(10,305)	10,820
Lifespan	25,550	25,550	(25,550)	25,550
North Iredell Rescue Squad	9,000	9,450	(9,000)	9,450
Piedmont Mediation Center	27,500	31,175	(27,500)	31,175
SCAN Center	19,594	22,873	(19,594)	22,873
The Salvation Army	37,600	24,500	(37,600)	24,500
Troutman Rescue Squad	9,000	9,450	(9,000)	9,450
YMCA	26,250	27,615	(26,250)	27,615
Yokefellow Ministry		6,300		6,300
Other designations	4,563	2,397	(1,823)	5,137
Designations to other United Ways	16,966	7,866	(11,684)	13,148
	<u>\$ 435,611</u>	<u>\$ 448,329</u>	<u>\$ (427,589)</u>	<u>\$ 456,351</u>

See independent auditors' report.