

**UNITED WAY OF THE LOWCOUNTRY, INC.**

**BEAUFORT, SOUTH CAROLINA**

INDEPENDENT AUDITORS' REPORT  
AND  
AUDITED FINANCIAL STATEMENTS

MARCH 31, 2019 AND 2018

**UNITED WAY OF THE LOWCOUNTRY, INC.**

BEAUFORT, SOUTH CAROLINA

INDEPENDENT AUDITORS' REPORT  
AND  
AUDITED FINANCIAL STATEMENTS

MARCH 31, 2019 AND 2018

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# Robinson Grant & Co., P.A.

CERTIFIED PUBLIC ACCOUNTANTS  
MEMBERS OF THE AMERICAN INSTITUTE OF CPAS & S.C. ASSOCIATION OF CPAs

Mailing Address for Hilton Head and Bluffton:  
POST OFFICE DRAWER 22959  
HILTON HEAD ISLAND, SC 29925-2959

5 BELFAIR VILLAGE DRIVE  
BLUFFTON, SC 29910  
(843) 815-6161  
FAX (843) 815-6165  
[www.robinsongrant.com](http://www.robinsongrant.com)

806 BOUNDARY STREET  
POST OFFICE BOX 1406  
BEAUFORT, SC 29901-1406  
(843) 524-3003  
FAX (843) 524-1372

## **Independent Auditors' Report**

January 8, 2020

Board of Directors  
United Way of the Lowcountry, Inc.  
Beaufort, SC

We have audited the accompanying financial statements of United Way of the Lowcountry, Inc. (a nonprofit organization), which comprise the statements of financial position as of March 31, 2019, and the related statements of activities and cash flows for the year 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 audit. We conducted our audit 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 the Lowcountry, Inc. as of March 31, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Report on Summarized Comparative Information**

We have previously audited the United Way of the Lowcountry's 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated August 4, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended March 31, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Kolman & Co., P.A.*

**UNITED WAY OF THE LOWCOUNTRY, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**AS OF MARCH 31, 2019 WITH COMPARATIVE TOTALS AS OF MARCH 31, 2018**

ASSETS	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total 2019</u>	<u>Total 2018</u>
<b><u>Current Assets</u></b>				
Cash and cash equivalents	\$ 106,289	\$ 300,094	\$ 406,383	\$ 531,723
Cash (designated for specific use)	227,280	-	227,280	181,737
Investments	641,750	331,949	973,699	1,000,511
Unconditional promises to give, net	649,234	-	649,234	663,859
Grants receivable	102,336	91,955	194,291	62,416
Receivables - other	-	-	-	167
Prepaid expenses	8,935	-	8,935	3,523
<b>Total current assets</b>	<u>1,735,824</u>	<u>723,998</u>	<u>2,459,822</u>	<u>2,443,936</u>
<b><u>Non-current Assets</u></b>				
Property and equipment, net	777,372	-	777,372	813,655
Cash surrender value - life insurance policy	<u>177,022</u>	-	<u>177,022</u>	<u>172,112</u>
<b>Total non-current assets</b>	<u>954,394</u>	<u>-</u>	<u>954,394</u>	<u>985,767</u>
<b>Total Assets</b>	<u>\$ 2,690,218</u>	<u>\$ 723,998</u>	<u>\$ 3,414,216</u>	<u>\$ 3,429,703</u>
<b>LIABILITIES AND NET ASSETS</b>				
<b><u>Current Liabilities</u></b>				
Accounts payable and payroll tax liabilities	\$ 63,235	\$ -	\$ 63,235	\$ 52,776
Deferred revenues	82,894	-	82,894	109,328
Line of credit payable	-	-	-	50,884
Agency allocations payable	684,248	-	684,248	779,802
Funds held for disposition	-	-	-	73,280
<b>Total current liabilities</b>	<u>830,377</u>	<u>-</u>	<u>830,377</u>	<u>1,066,070</u>
<b><u>Net Assets</u></b>				
Unrestricted				
Investment - building and equipment	777,372	-	777,372	813,655
Endowment funds	641,750	-	641,750	662,817
Designated reserve funds	142,260	-	142,260	142,099
Current	298,459	-	298,459	55,591
Donor-restricted	-	<u>723,998</u>	<u>723,998</u>	<u>689,471</u>
<b>Total net assets</b>	<u>1,859,841</u>	<u>723,998</u>	<u>2,583,839</u>	<u>2,363,633</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 2,690,218</u>	<u>\$ 723,998</u>	<u>\$ 3,414,216</u>	<u>\$ 3,429,703</u>

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

**UNITED WAY OF THE LOWCOUNTRY, INC.**  
 STATEMENTS OF ACTIVITIES  
 FOR THE YEAR ENDED MARCH 31, 2019 WITH COMPARATIVE TOTALS FOR THE  
 YEAR ENDED MARCH 31, 2018

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total 2019</b>	<b>Total 2018</b>
<b><u>Support and Revenues</u></b>				
Campaign support	\$ 1,969,529	\$ -	\$ 1,969,529	\$ 2,138,343
Less: allowance for uncollectible accounts	(95,000)	-	(95,000)	(175,000)
Less: donor designations	(117,000)	-	(117,000)	(203,669)
Net campaign support	1,757,529	-	1,757,529	1,759,674
Grants & contributions	340,184	321,114	661,298	512,988
Special events	94,320	-	94,320	88,437
Contributions to endowment fund	-	7,000	7,000	12,085
In-kind donations	91,846	-	91,846	107,522
Rental income	5,400	-	5,400	4,050
Investment income	34,449	16,484	50,933	58,418
Other revenues	15,793	-	15,793	9,579
Assets released from restrictions	294,992	(294,992)	-	-
<b>Total support and revenues</b>	<b>2,634,513</b>	<b>49,606</b>	<b>2,684,119</b>	<b>2,552,753</b>
<b><u>Functional Expenses</u></b>				
Program services	2,039,010	-	2,039,010	1,954,984
Supporting services	382,536	-	382,536	413,659
<b>Total functional expenses</b>	<b>2,421,546</b>	<b>-</b>	<b>2,421,546</b>	<b>2,368,643</b>
<b>Net increase in net assets before non-operating revenues and expenses</b>	212,967	49,606	262,573	184,110
<b><u>Non-Operating Revenues (Expenses):</u></b>				
Unrealized gain (loss) on investments	(27,288)	(15,079)	(42,367)	36,935
<b>Total non-operating revenues (expenses)</b>	<b>(27,288)</b>	<b>(15,079)</b>	<b>(42,367)</b>	<b>36,935</b>
<b>Increase (decrease) in net assets</b>	185,679	34,527	220,206	221,045
<b>Net assets, beginning of year</b>	<b>1,674,162</b>	<b>689,471</b>	<b>2,363,633</b>	<b>2,142,588</b>
<b>Net assets, end of year</b>	<b>\$ 1,859,841</b>	<b>\$ 723,998</b>	<b>\$ 2,583,839</b>	<b>\$ 2,363,633</b>

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

**UNITED WAY OF THE LOWCOUNTRY, INC.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEAR ENDED MARCH 31, 2019 WITH COMPARATIVE TOTALS FOR THE**  
**YEAR ENDED MARCH 31, 2018**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total 2019</b>	<b>Total 2018</b>
<b>Cash Flows from Operating Activities</b>				
Increase (decrease) in net assets	\$ 185,679	\$ 34,527	\$ 220,206	\$ 221,045
Adjustments to reconcile changes in net assets to net cash provided by (used in) operations:				
Depreciation	36,283	-	36,283	36,315
Uncollectible promises to give	95,000	-	95,000	175,000
Unrealized (gain) loss on investments	27,288	15,079	42,367	(36,935)
(Increase) decrease in:			-	
Unconditional promises to give	(80,375)	-	(80,375)	(289,928)
Prepaid expenses	(5,412)	-	(5,412)	(3,523)
Accounts receivable - other	167	-	167	17,096
Grants receivable	(79,920)	(51,955)	(131,875)	13,088
Investments	(6,221)	(9,334)	(15,555)	(60,382)
Cash surrender value - life insurance policy	(4,910)	-	(4,910)	(1,303)
Increase (decrease) in:			-	
Accounts payable	10,460	-	10,460	1,491
Deferred revenues	(26,433)	-	(26,433)	1,672
Agency allocations payable	(95,555)	-	(95,555)	(203,853)
Funds held for disposition	(73,281)	-	(73,281)	6,467
Due to designated agencies	-	-	-	(779)
<b>Net cash provided by (used in) operating activities</b>	<b>(17,230)</b>	<b>(11,683)</b>	<b>(28,913)</b>	<b>(124,529)</b>
<b>Cash Flows from Investing Activities</b>				
Proceeds from sale of property and equipment	-	-	-	13,675
<b>Net cash provided by (used in) investing activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>13,675</b>
<b>Cash Flows from Financing Activities</b>				
Principal payments on line of credit	(50,884)	-	(50,884)	50,884
<b>Net cash provided by (used in) financing activities</b>	<b>(50,884)</b>	<b>-</b>	<b>(50,884)</b>	<b>50,884</b>
Net increase (decrease) in cash and cash equivalents	(68,114)	(11,683)	(79,797)	(59,970)
Cash and cash equivalents, beginning of year	401,683	311,777	713,460	773,430
Cash and cash equivalents, end of year	\$ 333,569	\$ 300,094	\$ 633,663	\$ 713,460
<b><u>Cash per Statement of Financial Position</u></b>				
Cash and cash equivalents	\$ 106,289	\$ 300,094	\$ 406,383	\$ 531,723
Cash (designated for specific use)	227,280	-	227,280	181,737
Total cash per Statement of Financial Position	\$ 333,569	\$ 300,094	\$ 633,663	\$ 713,460
<b><u>Supplemental Cash Flows Information</u></b>				
Cash paid for interest expense			\$ 870	\$ 4,840

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

**UNITED WAY OF THE LOWCOUNTRY, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED MARCH 31, 2019**

	Program Services									Supporting Services			Total March 31, 2019
	Agency Support and Awards	Helpline	Direct Services	Community Development	Early Grade Reading	VITA Grant	Americorps Grant	Community Investment	Total	Management and General	Fundraising	Total	
Salaries and related expenses	\$ -	\$ 60,510	\$ 52,946	\$ 113,456	\$ 90,765	\$ 7,564	\$ 121,020	\$ 75,638	\$ 521,899	\$ 60,510	\$ 173,966	\$ 234,477	\$ 756,376
Bank and brokerage fees	-	2,615	1,307	2,833	4,034	-	-	1,678	12,467	2,615	3,051	5,666	18,133
Board/staff retreat	-	-	-	-	-	-	-	-	-	720	720	1,441	1,441
Building expenses and utilities	-	3,507	1,222	2,205	3,056	-	1,445	1,302	12,738	1,876	5,776	7,652	20,390
Conference and training expense	-	208	108	108	815	-	3,918	270	5,427	432	432	865	6,292
Computer software, database hosting	-	-	-	-	-	-	-	-	-	-	-	-	-
Consultants and contract labor	-	-	-	-	-	-	-	2,530	2,530	-	-	-	2,530
Computer software, database hosting fees	-	274	274	274	576	-	41	274	1,713	685	3,234	3,920	5,633
Women's leadership council	-	-	-	2,431	-	-	-	-	2,431	-	-	-	2,431
Dues and subscriptions	-	1,098	941	862	2,316	-	-	1,098	6,314	784	2,099	2,883	9,197
Dues - United Way Worldwide and SC	-	5,817	5,461	6,707	7,597	-	-	5,924	31,505	1,949	5,672	7,621	39,126
Special events	-	-	-	15,210	-	-	-	-	15,210	-	21,638	21,638	36,847
Hiring expense	-	-	-	-	-	-	-	-	-	629	629	1,257	1,257
Insurance expense	-	2,181	1,328	1,328	1,860	-	1,860	1,860	10,418	3,188	3,159	6,347	16,765
Interest expense	-	-	-	-	-	-	-	-	-	870	-	870	870
Staff recognition	-	385	292	292	292	-	-	292	1,553	1,010	1,506	2,516	4,069
Office equipment maintenance	-	2,909	2,770	2,770	3,560	-	-	2,770	14,779	2,909	3,047	5,956	20,735
Office supplies	-	611	458	458	1,527	-	24	657	3,736	305	1,527	1,833	5,569
Meeting expense	-	178	89	178	444	-	-	1,248	2,137	234	533	767	2,904
Postage/copier/printing	-	1,226	1,226	1,338	2,207	-	143	1,603	7,744	544	2,677	3,220	10,965
Professional fees - legal and audit	-	-	-	-	-	-	-	-	-	6,991	7,209	14,200	14,200
Promotional supplies/marketing/corp. printing	-	9,403	5,431	4,370	15,014	-	-	7,754	41,972	-	29,050	29,050	71,022
Rent expense	-	1,556	1,556	2,053	3,890	-	-	2,161	11,217	1,617	3,026	4,643	15,860
Special programs	-	-	-	-	-	-	-	-	-	-	-	-	-
Telephone expense	-	3,859	2,178	2,842	4,020	-	4,541	2,489	19,930	846	2,784	3,630	23,560
Travel and mileage	-	1,009	1,441	2,161	3,552	-	5,560	2,870	16,592	409	3,026	3,435	20,027
Annual meeting and volunteer awards	-	75	75	525	75	-	150	526	1,425	563	941	1,504	2,930
Agency support/community grants	682,520	-	-	-	-	-	-	-	682,520	-	-	-	682,520
In-kind donations	-	1,255	1,255	2,092	4,711	77,519	-	1,642	88,473	1,020	2,353	3,373	91,846
Board-approved internal programs	-	-	-	-	22,525	-	29,674	-	52,199	-	-	-	52,199
Administered grants	-	6,462	6,462	134,869	-	135,441	-	166,333	449,567	-	-	-	449,567
Total before depreciation	682,520	105,139	86,822	299,363	172,837	220,523	168,378	280,918	2,016,500	90,706	278,057	368,764	2,385,263
Depreciation	-	4,688	4,051	4,537	5,347	-	-	3,889	22,511	4,699	9,074	13,773	36,283
Total	<u>\$ 682,520</u>	<u>\$ 109,826</u>	<u>\$ 90,873</u>	<u>\$ 303,899</u>	<u>\$ 178,184</u>	<u>\$ 220,523</u>	<u>\$ 168,378</u>	<u>\$ 284,807</u>	<u>\$ 2,039,010</u>	<u>\$ 95,405</u>	<u>\$ 287,131</u>	<u>\$ 382,536</u>	<u>\$ 2,421,546</u>

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



**UNITED WAY OF THE LOWCOUNTRY, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED MARCH 31, 2018**

	Program Services								Supporting Services			Total March 31, 2018	
	Agency Support and Awards	Helpline	Direct Services	Community Development	Early Grade Reading	VITA Grant	Americorps Grant	Community Investment	Total	Management and General	Fundraising		Total
Salaries and related expenses	\$ -	\$ 63,793	\$ 55,819	\$ 119,612	\$ 95,690	\$ 7,974	\$ 127,567	\$ 79,741	\$ 550,196	\$ 63,793	\$ 183,424	\$247,217	\$ 797,413
Bank and brokerage fees	-	2,436	1,218	2,639	3,757	-	-	1,563	11,613	2,436	2,842	5,278	16,891
Board/staff retreat	-	-	-	-	-	-	-	-	-	1,068	1,068	2,136	2,136
Building expenses and utilities	-	4,641	1,618	2,919	4,043	-	1,911	1,722	16,854	2,483	7,646	10,129	26,983
Conference and training expense	-	339	176	176	1,328	-	6,383	440	8,842	704	704	1,408	10,250
Computer software, database hosting	-	204	204	204	428	-	31	204	1,275	510	2,405	2,915	4,190
Consultants and contract labor	-	-	-	-	-	-	-	-	-	-	-	-	-
Computer software, database hosting fees	-	-	-	-	-	-	-	-	-	-	-	-	-
Women's leadership council	-	-	-	1,070	-	-	-	-	1,070	-	-	-	1,070
Dues and subscriptions	-	1,096	939	861	2,311	-	-	1,095	6,302	782	2,095	2,877	9,179
Dues - United Way Worldwide and SC	-	5,322	4,996	6,137	6,951	-	-	5,420	28,826	1,783	5,189	6,972	35,798
Special events	-	-	-	8,265	-	-	-	-	8,265	-	24,590	24,590	32,855
Hiring expense	-	-	-	-	-	-	-	-	-	1,134	1,134	2,268	2,268
Insurance expense	-	2,249	1,370	1,370	1,917	-	1,917	1,917	10,740	3,287	3,257	6,544	17,284
Interest expense	-	-	-	-	-	-	-	-	-	4,840	-	4,840	4,840
Staff recognition	-	139	105	106	105	-	-	105	560	365	544	909	1,469
Office equipment maintenance	-	2,418	2,303	2,303	2,960	-	-	2,303	12,287	2,418	2,533	4,951	17,238
Office supplies	-	1,238	928	928	3,092	-	49	1,330	7,565	618	3,092	3,710	11,275
Meeting expense	-	286	143	286	714	-	-	2,005	3,434	376	857	1,233	4,667
Postage/copier/printing	-	1,840	1,840	2,007	3,312	-	215	2,405	11,619	815	4,016	4,831	16,450
Professional fees - legal and audit	-	-	-	-	-	-	-	-	-	12,443	12,832	25,275	25,275
Promotional supplies/marketing/corp. printing	-	7,160	4,134	3,327	11,430	-	-	5,903	31,954	-	22,115	22,115	54,069
Rent expense	-	1,447	1,447	1,910	3,618	-	-	2,010	10,432	1,504	2,814	4,318	14,750
Special programs	-	-	-	9,020	-	-	-	-	9,020	-	-	-	9,020
Telephone expense	-	3,602	2,033	2,653	3,752	-	4,238	2,323	18,601	789	2,598	3,387	21,988
Travel and mileage	-	1,209	1,727	2,590	4,256	-	6,663	3,439	19,884	490	3,626	4,116	24,000
Annual meeting and volunteer awards	-	195	195	1,364	195	-	390	1,364	3,703	1,462	2,444	3,906	7,609
Agency support/community grants	777,096	-	-	-	-	-	-	-	777,096	-	-	-	777,096
In-kind donations	-	1,469	1,469	2,449	5,515	90,749	-	1,922	103,573	1,194	2,755	3,949	107,522
Board-approved internal programs	-	-	-	-	10,924	-	14,390	-	25,314	-	-	-	25,314
Administered grants	-	3,643	3,643	76,062	-	76,351	-	93,730	253,429	-	-	-	253,429
Total before depreciation	777,096	104,726	86,307	248,258	166,298	175,074	163,754	210,941	1,932,454	105,294	294,580	399,874	2,332,328
Depreciation	-	4,692	4,054	4,540	5,352	-	-	3,892	22,530	4,703	9,082	13,785	36,315
Total	<u>\$ 777,096</u>	<u>\$ 109,418</u>	<u>\$ 90,361</u>	<u>\$ 252,798</u>	<u>\$ 171,650</u>	<u>\$ 175,074</u>	<u>\$ 163,754</u>	<u>\$ 214,833</u>	<u>\$ 1,954,984</u>	<u>\$ 109,997</u>	<u>\$ 303,662</u>	<u>\$ 413,659</u>	<u>\$ 2,368,643</u>

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

# UNITED WAY OF THE LOWCOUNTRY, INC.

## NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2019 AND 2018

### **Note 1. Nature of Activities**

#### **Nature of Activities**

United Way of the Lowcountry, Inc. (the Organization) is a not-for-profit organization incorporated in South Carolina whose primary revenue source is derived from an annual fundraising campaign to solicit contributions from individuals and businesses located within Beaufort and Jasper counties. Following is a summary of some of the services the Organization provides to the local community:

**Community Investment/Impact** – investment of annual campaign funds to local 501(c)(3) not-for-profit organizations. Funds are granted to support programs within organizations based on assessment of the need by the local community for the services they provide, the organization's financial needs and the outcomes they report as measures of their impacts on the local community. All funds distributed to these organizations are approved by the Organization's board of directors.

**Helpline** – an information, referral and advocacy service linking individuals with emergent needs to appropriate health, human and advocacy services. In some cases, direct financial assistance is provided.

**Direct Services** – these services include casework, referrals, disaster assistance, basic emergency assistance, expenditures from the Cancer Fund, Director's Fund, Homeless Fund, Senior's Utility Fund, Barriers to Education, Operation Holiday Heroes and the Volunteer Center which is a county-wide volunteer resource development placement network.

**Early Grade Reading Initiative** – the Early Grade Initiative, Read Indeed, was developed to augment elementary education by recruiting, training and deploying volunteers to assist struggling students with reading comprehension within elementary schools throughout Beaufort and Jasper counties. Other programs that fall under the Early Grade Reading Initiative include:

**Play Partners:** Pre-K program that promotes the development of early learning skills by exposing children to books. The program offers ongoing literacy development experiences that are cognitively, emotionally and socially challenging and enjoyable.

**Read to Me:** kindergarten program that is one-on-one interactive read aloud which addresses the lowest level readers. The program introduces children to the structure of texts, settings, characters, plots and sequential events.

**AmeriCorps Grant** – tutoring services and resource support for elementary school students throughout Beaufort and Jasper counties. The goal of the program is to assist the school districts in assuring that 80% of students within the schools in the program will enter fourth grade reading on a grade level based on the NWEA (Northwest Evaluation Association) and the PASS. This project will focus on the CNCS focus area of education.

**Community Development** – assesses needs and coordinates development and delivery of health and human services and agency assistance.

**Volunteer Income Tax Assistance (VITA)** – provides complimentary tax preparation services for the under-served/low-income population within the local communities including outreach in the area of claiming refundable tax credits to those who qualify.

# UNITED WAY OF THE LOWCOUNTRY, INC.

## NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2019 AND 2018

### **Note 2. Summary of Significant Accounting Policies**

#### **Basis of Accounting**

These financial statements have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded at the time the liability is incurred.

#### **Financial Statement 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: (1) net assets *without* donor restrictions and (2) net assets *with* donor restrictions.

Net assets *without* donor restrictions are resources available to support operations and whose only limitations are the broad ones resulting from the nature of the Organization and the environment in which it operates, the purposes specified in its governing documents and tax-exempt status and any limits resulting from contractual agreements.

Net assets *with* donor restrictions are resources subject to donor-imposed restrictions some of which are temporary in nature, such as those restricted by a donor for a particular purpose or use in a specific period. Other restrictions may be perpetual in nature such as those restricted by a donor in 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.

#### **Cash and Cash Equivalents**

For purposes of the statement 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.

#### **Investments**

Contributions of securities are recorded at their fair market value as of the date of donation. Investments in debt and equity securities are measured at fair market value in the statement of financial position and unrealized gains and losses are recognized in the statement of activities.

The Organization maintains its investment accounts at two community foundations who pool the funds thereby spreading total risk for each fund amongst all funds invested in the master investment accounts. Other benefits resulting from funds being pooled include the enhancement of investment performance relative to an individual fund and reduced management fee costs. Realized and unrealized gains and losses from securities within the fund are allocated to the individual accounts based on the relationship of the fair value of each endowment to the total fair value within the master investment accounts.

# UNITED WAY OF THE LOWCOUNTRY, INC.

## NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2019 AND 2018

### **Note 2. Summary of Significant Accounting Policies (continued):**

#### **Contributed Services**

Services donated to the organization are recognized as contribution revenue if the services either (a) create or enhance nonfinancial assets *or* (b) require specialized skills that are performed by people with those skills and would otherwise need to be purchased by the Organization if not provided by donation. During the fiscal years ended March 31, 2019 and 2018, a total of \$78,146 and \$93,822, respectively, of professional services related to the Volunteer Income Tax Assistance (VITA) program were received by the Organization.

The Organization receives a significant amount of donated services from unpaid volunteers who assist in fundraising, program activities and special events. No amounts have been accounted for in the financial statements for these types of donated services because they did not meet the criteria for recognition as established by GAAP.

#### **Estimates**

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

#### **Property and Equipment**

It is the Organization's policy to capitalize property and equipment over \$1,000 and whose estimated useful lives exceed a one-year period. Purchased property and equipment is capitalized at its original purchase cost. Donations of property and equipment are recorded as contributions at their estimated fair value as of the date of donation and are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose or use. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. If there are no donor stipulations regarding how long these donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time. Property and equipment are depreciated using the straight-line method over the estimated useful lives as follows:

Software	3 years
Buildings and improvements	10 - 40 years
Property and equipment	5 years
Furniture and fixtures	7 years

#### **Compensated Absences**

Depending on job classification and length of service, employees of the Organization are entitled to paid time off. The policy does not allow for the accumulation or carryover of unused time to future periods. The Organization's policy is to recognize the costs of these compensated absences at the time the amounts are actually paid to employees.

# UNITED WAY OF THE LOWCOUNTRY, INC.

## NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2019 AND 2018

### **Note 2. Summary of Significant Accounting Policies (continued):**

#### **Income Taxes**

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as *other than a private foundation*. Management has determined that the Organization does not have any uncertain tax positions and associated unrecognized benefits that materially impact the financial statements or related disclosures. Since tax matters are subject to some degree of uncertainty, there can be no assurance that the Organization's tax returns will not be challenged by taxing authorities and that the Organization will not be subject to tax, penalties and interest as a result of such challenge. The Organization's tax returns remain open for three years subsequent to their filing for examination by government authorities.

#### **Deferred Revenues**

Deferred revenues refer to funds received by the Organization prior to its fiscal year-end for programs that are applicable to subsequent years.

#### **Advertising Costs**

Advertising costs are expensed as incurred. Total direct advertising costs for the years ended March 31, 2019 and 2018 were \$23,277 and \$26,696, respectively.

#### **Cash Designated for Specific Use**

Certain programs within the Organization have separate bank accounts and the corresponding funds are designated specifically to those activities including Helpline, VITA program and amounts reserved for extraordinary events such as natural disasters.

#### **Promises to Give**

Unconditional promises to give consist primarily of amounts related to the Organization's annual fundraising campaign. Because campaign pledges are considered payable to the Organization within one year of the date of the donor's original pledge, no fair value discount of the amounts is considered necessary.

In order to determine pledge amounts estimated to be uncollectible, the Organization evaluates balances in the various aging categories. When management determines a receivable is uncollectible, the balance is removed from receivables and charged against the allowance account. For years ended March 31, 2019 and 2018, the allowance account balance was \$99,000 and \$129,000, respectively.

In accordance with generally accepted accounting principles, conditional promises to give are not recognized in the financial statements until the conditions are substantially met or explicitly waived by the donor. As of March 31, 2019 and 2018, the Organization had no conditional promises to give.

#### **Comparative Information**

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended March 31, 2018 from which the summarized information was derived.

# UNITED WAY OF THE LOWCOUNTRY, INC.

## NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2019 AND 2018

### **Note 2. Summary of Significant Accounting Policies (continued):**

#### **Date of Management's Review**

Subsequent events have been evaluated through January 8, 2020, the date these financial statements were available to be issued.

#### **Agency Allocations Payable**

Agency allocations payable represent funding amounts approved by the Organization's board of directors to be disbursed to other not-for-profit organizations within the local community as part of the Organization's agency support program provided during the subsequent fiscal year.

#### **Concentration of Credit Risk**

The Organization maintains bank accounts at several financial institutions. Accounts are insured by the Federal Deposit Insurance Corporation (FDIC). At various times during the fiscal year, the Organization's bank balances may have exceeded the federally insured limits. This risk is managed by maintaining all deposits within high quality and nationally recognized financial institutions. As of March 31, 2019, \$100,040 of the Organization's funds were uninsured.

#### **Allocation of Expenses**

The costs of providing 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 based on estimates provided by management. Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are charged to programs and supporting services on a basis of periodic time and expense studies. Management and general expenses include those costs that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

### **Note 3. Related-Party Transactions**

The Organization is affiliated with United Way Worldwide and United Way of South Carolina. Each have missions comparable to that of the Organization. Annual dues paid to these groups totaled \$39,126 and \$35,798 for the fiscal years ended March 31, 2019 and 2018, respectively.

### **Note 4. Employee Benefit Plan**

The Organization offers its staff a retirement package pursuant to Section 401(k) of the Internal Revenue Code. The plan allows participants to defer a percentage of their compensation and provides for a mandatory employer contribution of 3% of each employee's gross wages. For the years ended March 31, 2019 and 2018, the Organization contributed \$11,825 and \$33,308, respectively, to the plan. The 2018 amount includes additional discretionary funding approved by the Organization's board of directors. Employees eligible for the plan include those who are at a minimum of 21 years of age and work a minimum of 1,000 hours in a given year. Contributions made to the plan by the employees themselves are fully vested and matching contributions made by the Organization vest at a rate of 20% per year.

# UNITED WAY OF THE LOWCOUNTRY, INC.

## NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2019 AND 2018

### **Note 5. Property and Equipment**

Property and equipment consisted of the following at March 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Land	\$ 142,000	\$ 142,000
Buildings	645,440	645,440
Software	12,500	12,500
Equipment and office furniture	<u>163,478</u>	<u>163,478</u>
	963,418	963,418
Less accumulated depreciation	<u>(186,046)</u>	<u>(149,763)</u>
Property and equipment, net	<u>\$ 777,372</u>	<u>\$ 813,655</u>

For the years ended March 31, 2019 and 2018, the Organization reported \$36,283 and \$36,315 in depreciation expense, respectively

### **Note 6. Commitments**

The Organization rents office space in Bluffton and Ridgeland, South Carolina. The rental agreements for these two locations call for a monthly rent expense of \$1,255 and \$100, respectively. In addition to the above-noted amounts, Organization management estimates that in-kind donations of rental space received during the fiscal years ended March 31, 2019 and 2018 totaled \$13,700 each year. Total rent expense, including in-kind donations, for the fiscal years ended March 31, 2019 and 2018 were \$29,560 and \$28,450, respectively. Future minimum lease payments are as follows:

<u>Years Ended March 31,</u>	
2020	\$ 5,190
2021	<u>300</u>
Total	<u>\$ 5,490</u>

### **Note 7. Alexis de Tocqueville Designations**

Alexis de Tocqueville society contributors may establish personal giving funds. Standard operating procedure is to allocate the first \$5,000 (of the \$10,000 required minimum donation for program eligibility) immediately to the United Way general fund. If the donor so chooses, the remaining contribution can be designated to a pre-approved and qualified 501(c)(3) organization. The designations for Alexis de Tocqueville society members were \$117,000 and \$203,669, respectively, for the fiscal years ended March 31, 2019 and 2018. During the March 31, 2019 and 2018 fiscal year-ends these amounts are netted against campaign revenues on the *Statement of Activities*.

### **Note 8. Life Insurance Policy**

The Organization is named as the beneficiary in a life insurance policy that was given by a donor. As of March 31, 2019 and 2018, the surrender value was \$177,022 and \$172,112, respectively.

# UNITED WAY OF THE LOWCOUNTRY, INC.

## NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2019 AND 2018

### **Note 9. Lines of Credit**

During each of the fiscal years ending March 31, 2019 and 2018, the Organization had access to a line of credit through Palmetto State Bank with a maximum amount available of \$500,000 and which is secured by the Organization's administrative building located in Beaufort, SC. The terms for this line of credit call for interest-only payments until the line's maturity date of August 23, 2020, at which point any outstanding principal and interest amounts are due. As of March 31, 2019 and 2018, the Organization owed \$-0- and \$49,968, respectively, on this line of credit. The interest rate on borrowings is equal to that of .75% below Prime and will never be lower than 3.25% nor exceed 4.5%. The interest rate as of March 31, 2019 was 4.5%. Total interest paid for the year ended March 31, 2019 and 2018 was \$669 and \$3,905, respectively.

Additionally, the Organization had access to a second line of credit through First Citizen Bank with a maximum amount available of \$150,000. The terms for the line of credit call for interest-only payments until the line's maturity date of June 22, 2020, at which point any outstanding principal and interest amounts are due. As of March 31, 2019 and 2018, the Organization owed \$-0- and \$916, respectively, on this line of credit. The interest rate is equal to that of the U.S. Prime rate and was 4.75% on March 31, 2019 and 2018. Total interest paid for the year ended March 31, 2019 and 2018 was \$107 and \$-0-, respectively. This line of credit was permanently closed in September 2019.

### **Note 10. Endowment Investments**

The Organization's endowment consists of funds established for a variety of purposes and includes both donor-restricted funds as well as funds designated by the Board of Directors. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors of the Organization has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of the interpretation, the Organization classifies as permanently restricted net assets (a) the original value of the gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified as permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by SPMIFA. In accordance with SPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic condition, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Organization, and (7) the Organization's investment policies.



**UNITED WAY OF THE LOWCOUNTRY, INC.**

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2019 AND 2018

**Note 10. Endowment Investments (continued):**

**Investment Return Objectives, Risk Parameters and Strategies** – The Organization has adopted investment and spending policies, approved by the Board of Directors, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve a rate of return including capital appreciation, which exceeds the annual distribution with acceptable levels of risk. Endowment assets are invested in a well diversified asset mix, which includes equity and debt securities, that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make an annual distribution of 4% to 5% while growing the funds. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

**Spending Policies** – Endowment funds are invested with two organizations: Coastal Community Foundation of South Carolina and Community Foundation of the Lowcountry. Amounts invested with Coastal Community Foundation and available for appropriations by the Board of Directors total 4% of the fund’s average balance for the most recent twenty quarters. Funds invested with Community Foundation of the Lowcountry and available for spending total 5% of the previous five-year average daily balance of the fund’s market value. In establishing these policies, the Organization considered its long-term expected return on its investment assets, the nature and duration of the individual endowment funds, many of which must be maintained in perpetuity because of donor-restrictions and the possible effects of inflation.

Endowment net assets composition by type of fund as of March 31, 2019 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	\$ 641,750	\$ -	\$ 641,750
Donor-designated endowment funds	-	331,949	331,949
Total funds	<u>\$ 641,750</u>	<u>\$ 331,949</u>	<u>\$ 973,699</u>

Endowment net assets composition by type of fund as of March 31, 2018 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	\$ 662,817	\$ -	\$ 662,817
Donor-designated endowment funds	-	337,694	337,694
Total funds	<u>\$ 662,817</u>	<u>\$ 337,694</u>	<u>\$ 1,000,511</u>

**UNITED WAY OF THE LOWCOUNTRY, INC.**

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2019 AND 2018

**Note 10. Endowment Investments (continued):**

Changes in endowment net assets as of March 31, 2019 are as follows:

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 662,817	\$ 337,694	\$ 1,000,511
Contributions	-	7,000	7,000
Funds transferred	(16,441)	(14,150)	(30,591)
Investment income	32,227	16,484	48,711
Investment advisory/account fees	(9,565)	-	(9,565)
Net appreciation (depreciation) in value	(27,288)	(15,079)	(42,367)
Endowment net assets, end of year	<u>\$ 641,750</u>	<u>\$ 331,949</u>	<u>\$ 973,699</u>

Changes in endowment net assets as of March 31, 2018 are as follows:

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 606,198	\$ 296,994	\$ 903,192
Contributions	-	12,085	12,085
Funds transferred	-	-	-
Investment income	38,979	19,439	58,418
Investment advisory/account fees	(10,119)	-	(10,119)
Net appreciation (depreciation) in value	27,759	9,176	36,935
Endowment net assets, end of year	<u>\$ 662,817</u>	<u>\$ 337,694</u>	<u>\$ 1,000,511</u>

The Organization applies Generally Accepted Accounting Principles (GAAP) for fair value measurements of financial assets recognized or disclosed at fair value in the financial statements on a recurring basis. GAAP establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The level in the fair value hierarchy within which a fair measurement in its entirety falls is based on the lowest level that is significant to the fair value measurement in its entirety. The three levels of the fair value hierarchy are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has ability to access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 inputs that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

**UNITED WAY OF THE LOWCOUNTRY, INC.**

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2019 AND 2018

**Note 10. Endowment Investments (continued):**

The following table presents assets measured at fair value on a recurring basis at March 31, 2019 and 2018:

	Fair Value Measurements at Reporting Date Using:		
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments as of March 31, 2019	\$ 973,699	\$ -	\$ -
Investments as of March 31, 2018	\$ 1,000,511	\$ -	\$ -

Donor-restricted net assets consist of the following endowment funds whose assets are to be held indefinitely:

**Clarece Walker Legacy Endowment Fund:** This endowment fund was established by the United Way of the Lowcountry and in 2012 was renamed in honor of Clarece Walker, a former president of the Organization. The mission of the Clarece Walker Legacy Endowment Fund is to change the tide of family circumstances by funding inspiring, cutting edge and innovative education and other activities that assist children and adults in lifting themselves and their families out of poverty. The purpose of the Clarece Walker Legacy Endowment Fund is to provide grants in fulfillment of the mission of the fund. As of March 31, 2019 and 2018, the value of the fund was \$308,670 and \$313,264, respectively. The funds are invested with both the Coastal Community Foundation of South Carolina, Inc. and Community Foundation of the Lowcountry, Inc.

**Camp St. Mary Childhood Education Fund:** The primary purpose of this fund is to provide charitable resources in support of programs assisting mothers and their children in accordance with the United Way of the Lowcountry's mission. The value of the fund as of March 31, 2019 and 2018 was \$140,026 and \$145,970, respectively. These funds are invested with the Coastal Community Foundation of South Carolina, Inc.

Both above-noted funds are included in the balances of the *Investments* accounts presented on the Statements of Financial Position

**Note 11. Concentrations**

The Organization conducts its operations solely in Beaufort and Jasper counties within the state of South Carolina and its donors are sensitive to risks associated with conditions affecting the local economy in this geographic area. An economic downturn or effects from natural disasters, for which the area is prone, could cause not only a decrease in contribution revenues but also a simultaneous increase in community need for the Organization's services.

# UNITED WAY OF THE LOWCOUNTRY, INC.

## NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2019 AND 2018

### Note 12. Subsequent Events

Subsequent to the March 31, 2019 fiscal year-end, the Organization withdrew \$100,000 from the line of credit at Palmetto State Bank and closed the line of credit at First Citizen.

### Note 13. Liquidity

The Organization's primary revenue sources are derived from donations and grants given by individuals, businesses, governments and other not-for-profit organizations. The Organization has various sources of liquidity at its disposal including cash and cash equivalents, investments, receivables and a \$500,000 line of credit (See Note 9). The following table reflects the Organization's financial assets as of March 31, 2019, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position. Amounts not available to meet general expenditures within one year may also include net assets with donor restrictions.

Cash and cash equivalents	\$ 633,663
Investments	973,699
Receivables	<u>843,525</u>
Total financial assets	2,450,887
Less donor-restricted investments	(331,949)
Less donor-restricted grants receivable	(91,955)
Less board-designated investments	(641,750)
Less board-designated cash	<u>(142,260)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,242,973</u>