

UNITED WAY OF GASTON COUNTY, INC.

FINANCIAL REPORT

June 30, 2019

## CONTENTS

|  | <u>Page(s)</u> |
|--|----------------|
| INDEPENDENT AUDITOR'S REPORT                       | 1-2            |
| FINANCIAL STATEMENTS                               |                |
| Statements of financial position                   | 3              |
| Statements of activities and changes in net assets | 4              |
| Statements of functional expenses                  | 5              |
| Statements of cash flows                           | 6              |
| Notes to financial statements                      | 7-14           |
| SUPPLEMENTARY INFORMATION                          |                |
| Schedules of agency allocations to be paid         | 15             |

McCANNON • ROGERS • DRISCOLL  
& ASSOCIATES, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

PARTNERS:

BENJAMIN P. ALBRIGHT, III, CPA  
RANDY G. BOYD, CPA

PARTNERS:

STEPHEN B. DRISCOLL, CPA

INDEPENDENT AUDITOR'S REPORT

The Board of Directors  
United Way of Gaston County, Inc.  
Gastonia, North Carolina

We have audited the accompanying financial statements of United Way of Gaston County, Inc. (a nonprofit organization) (the Organization), which comprise the statement of financial position as of June 30, 2019, and the related statements of activities and changes in net assets, functional expenses, 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.

**Auditor's 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 Gaston County, Inc. as of June 30, 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.

## Effect of Adopting New Accounting Standard

As discussed in Note A, the Organization adopted the Financial Accounting Standards Board's Accounting Standards update (ASU) 2016-14, *Not-for-Profit Entities* (Topic 958-205) – *Presentation of Financial Statements of Not-for-Profit Entities* as of and for the year ended June 30, 2019. The requirements of the ASU have been applied retrospectively to all periods presented. Our opinion is not modified with respect to this matter.

## Report on Summarized Comparative Information

We have previously audited United Way of Gaston County, Inc.'s financial statements as of and for the year ended June 30, 2018, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 10, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018 is consistent, in all material respects, with the audited financial statements from which it has been derived.

## Other Matter

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedules of agency allocations to be paid are presented for purposes of additional analysis and are not a required part of the basic 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.

*McCannon, Rogers, Driscoll & Associates, L.L.P.*

Gastonia, North Carolina  
October 16, 2019

UNITED WAY OF GASTON COUNTY, INC.

STATEMENTS OF FINANCIAL POSITION

June 30, 2019 and 2018

| ASSETS                              | <u>2019</u>         | <u>2018</u>         |
|-------------------------------------|---------------------|---------------------|
| Cash                                | \$ 1,041,501        | \$ 855,821          |
| Unconditional promises to give, net | 694,150             | 751,106             |
| Other receivables                   | 10,666              | 47,104              |
| Prepaid expenses                    | 4,722               | 11,255              |
| Investments                         | 453,703             | 426,454             |
| Property and equipment, net         | <u>204,533</u>      | <u>232,845</u>      |
| Total assets                        | <u>\$ 2,409,275</u> | <u>\$ 2,324,585</u> |
| LIABILITIES AND NET ASSETS          |                     |                     |
| LIABILITIES                         |                     |                     |
| Accounts payable                    | \$ 9,307            | \$ 2,711            |
| Accrued expenses                    | 24,668              | 21,858              |
| Rental deposits                     | 1,739               | 1,739               |
| Agency allocations payable          | 838,727             | 832,336             |
| Designations payable                | <u>233,459</u>      | <u>250,468</u>      |
| Total liabilities                   | 1,107,900           | 1,109,112           |
| NET ASSETS                          |                     |                     |
| Without Donor Restrictions          | 1,276,149           | 1,210,781           |
| With Donor Restrictions             | <u>25,226</u>       | <u>4,692</u>        |
| Total net assets                    | 1,301,375           | 1,215,473           |
| Total liabilities and net assets    | <u>\$ 2,409,275</u> | <u>\$ 2,324,585</u> |

See notes to financial statements.

UNITED WAY OF GASTON COUNTY, INC.

STATEMENTS OF ACTIVITIES  
Years Ended June 30, 2019 and 2018

|  | <u>Without Donor<br/>Restrictions</u> | <u>With Donor<br/>Restrictions</u> | <u>2019<br/>Total</u> | <u>2018<br/>Total</u> |
|--|---------------------------------------|------------------------------------|-----------------------|-----------------------|
| Revenues and other support                           |                                       |                                    |                       |                       |
| Campaign contributions                               | \$ 1,728,105                          | \$ -                               | \$ 1,728,105          | \$ 1,722,032          |
| Less uncollectible contributions                     | 132,933                               | -                                  | 132,933               | 118,168               |
| Less designations                                    | 215,665                               | -                                  | 215,665               | 250,468               |
|  | <u>1,379,507</u>                      | <u>-</u>                           | <u>1,379,507</u>      | <u>1,353,396</u>      |
| Investment income (loss), net of expenses of \$2,386 | 27,250                                | -                                  | 27,250                | 17,089                |
| Rental income (loss), net of expenses of \$49,957    | (3,038)                               | -                                  | (3,038)               | 58                    |
| Special events, net expenses of \$8,564              | 16,722                                | -                                  | 16,722                | 13,290                |
| Annual meeting, net of expenses of \$4,536           | 4,839                                 | -                                  | 4,839                 | 4,939                 |
| Other  | 65,800                                | -                                  | 65,800                | 41,799                |
| Grants - private                                     | -                                     | 127,037                            | 127,037               | 34,243                |
| Grants - public                                      | 91,318                                | -                                  | 91,318                | 98,204                |
| Net assets released from restrictions                | <u>106,503</u>                        | <u>(106,503)</u>                   | <u>-</u>              | <u>-</u>              |
| Total revenues and other support                     | 1,688,901                             | 20,534                             | 1,709,435             | 1,563,018             |
| Expenses   |                                       |                                    |                       |                       |
| Agency allocations                                   | 856,520                               | -                                  | 856,520               | 856,802               |
| Payments to affiliated organizations                 | 24,713                                | -                                  | 24,713                | 23,995                |
|  | <u>881,233</u>                        | <u>-</u>                           | <u>881,233</u>        | <u>880,797</u>        |
| Program activities                                   |                                       |                                    |                       |                       |
| Campaign   | 162,667                               | -                                  | 162,667               | 170,705               |
| Community impact and investment                      | 428,388                               | -                                  | 428,388               | 350,385               |
| Total program services                               | <u>591,055</u>                        | <u>-</u>                           | <u>591,055</u>        | <u>521,090</u>        |
| Supporting services                                  |                                       |                                    |                       |                       |
| Financial management                                 | 151,245                               | -                                  | 151,245               | 144,127               |
| Total expenses                                       | <u>1,623,533</u>                      | <u>-</u>                           | <u>1,623,533</u>      | <u>1,546,014</u>      |
| Change in net assets                                 | 65,368                                | 20,534                             | 85,902                | 17,004                |
| Net assets, beginning of year                        | <u>1,210,781</u>                      | <u>4,692</u>                       | <u>1,215,473</u>      | <u>1,198,469</u>      |
| Net assets, end of year                              | <u>\$ 1,276,149</u>                   | <u>\$ 25,226</u>                   | <u>\$ 1,301,375</u>   | <u>\$ 1,215,473</u>   |

See notes to financial statements.

UNITED WAY OF GASTON COUNTY, INC.

Statements of Functional Expenses  
Years Ended June 30, 2019 and 2018

|                        | Program Services  |                                       |                   | Financial<br>Management | Total 2019        | Total 2018 |
|------------------------|-------------------|---------------------------------------|-------------------|-------------------------|-------------------|------------|
|                        | Campaign          | Community<br>Impact and<br>Investment |                   |                         |                   |            |
| Salaries and wages     | \$ 89,028         | \$ 126,366                            | \$ 91,142         | \$ 306,536              | \$ 310,817        |            |
| Employee benefits      | 17,206            | 24,422                                | 17,614            | 59,242                  | 57,118            |            |
| Payroll taxes          | 7,107             | 10,379                                | 7,292             | 24,778                  | 24,975            |            |
| Professional fees      | 6,467             | 3,593                                 | 4,312             | 14,372                  | 14,193            |            |
| Office supplies        | 3,099             | 4,381                                 | 3,205             | 10,685                  | 7,616             |            |
| Equipment repairs      | 5,192             | 7,341                                 | 5,371             | 17,904                  | 21,557            |            |
| Campaign supplies      | 15,531            | -                                     | -                 | 15,531                  | 5,437             |            |
| Telephone              | 1,868             | 2,641                                 | 1,932             | 6,441                   | 8,463             |            |
| Postage                | -                 | 518                                   | 517               | 1,035                   | 1,302             |            |
| Occupancy expense      | 7,024             | 9,930                                 | 7,266             | 24,220                  | 36,233            |            |
| Publication and dues   | 1,219             | 1,724                                 | 1,262             | 4,205                   | 4,188             |            |
| Insurance              | 1,388             | 1,963                                 | 1,436             | 4,787                   | 4,739             |            |
| Staff expense          | 1,132             | 1,811                                 | 3,269             | 6,212                   | 5,384             |            |
| Success by Six expense | -                 | 16,100                                | -                 | 16,100                  | 13,399            |            |
| 211 program expenses   | -                 | 9,501                                 | -                 | 9,501                   | 12,668            |            |
| Community impact       | -                 | 198,662                               | -                 | 198,662                 | 110,600           |            |
| Computer service       | 1,249             | 1,766                                 | 1,292             | 4,307                   | 2,196             |            |
| Miscellaneous          | 1,954             | 2,762                                 | 2,022             | 6,738                   | 6,134             |            |
| Depreciation           | 3,203             | 4,528                                 | 3,313             | 11,044                  | 18,198            |            |
| <b>Total 2019</b>      | <b>\$ 162,667</b> | <b>\$ 428,388</b>                     | <b>\$ 151,245</b> | <b>\$ 742,300</b>       |                   |            |
| <b>Total 2018</b>      | <b>\$ 170,705</b> | <b>\$ 350,385</b>                     | <b>\$ 144,127</b> |                         | <b>\$ 665,217</b> |            |

See notes to financial statements.

UNITED WAY OF GASTON COUNTY, INC.

STATEMENTS OF CASH FLOWS  
Years Ended June 30, 2019 and 2018

|   | <u>2019</u>         | <u>2018</u>       |
|---|---------------------|-------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>   |                     |                   |
| Change in net assets  | \$ 85,902           | \$ 17,004         |
| Adjustments to reconcile change in net assets to net cash from operating activities |                     |                   |
| Unrealized gain on investments  | (2,795)             | (5,781)           |
| Depreciation  | 29,111              | 41,868            |
| Change in allowance for unconditional promises to give                              | 16,250              | 5,000             |
| Loss on disposal of property and equipment  | -                   | 641               |
| Changes in assets and liabilities:  |                     |                   |
| (Increase) decrease in unconditional promises to give                               | 40,706              | (26,851)          |
| (Increase) decrease in other receivables  | 36,438              | (26,225)          |
| (Increase) decrease in prepaid expenses   | 6,533               | (2,871)           |
| Increase in rental deposits   | -                   | 1,739             |
| Increase in accounts payable  | 6,596               | 1,671             |
| Increase (decrease) in accrued expenses   | 2,810               | (9,073)           |
| Decrease in agency allocations payable  | 6,391               | (13,936)          |
| Increase in designations payable  | (17,009)            | 7,040             |
|   | <u>210,933</u>      | <u>(9,774)</u>    |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>   |                     |                   |
| Purchases of investments  | (24,454)            | (11,308)          |
| Purchases of property and equipment   | (799)               | (2,667)           |
|   | <u>(25,253)</u>     | <u>(13,975)</u>   |
| Net cash used in investing activities   |                     |                   |
|   | <u>(25,253)</u>     | <u>(13,975)</u>   |
| Net increase (decrease) in cash   | 185,680             | (23,749)          |
| Cash:   |                     |                   |
| Beginning of year   | <u>855,821</u>      | <u>879,570</u>    |
| End of year   | <u>\$ 1,041,501</u> | <u>\$ 855,821</u> |

See notes to financial statements.

UNITED WAY OF GASTON COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

Note A - Nature of Activities and Summary of Significant Accounting Policies

Nature of Activities

United Way of Gaston County, Inc. (the Organization) is a nonprofit corporation that campaigns for contributions annually and distributes allocations to its nonprofit affiliates for their operations.

A summary of the Organization's significant accounting policies follows:

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP).

New Accounting Pronouncement

On August 18, 2016, Financial Accounting Standards Board (FASB) issued (ASU) 2016-14, Not-for-Profit Entities Accounting Standards Codification (ASC) (Topic 958-205) – *Presentation of Financial Statements of Not-for-Profit Entities* effective January 1, 2018. 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. The Organization has adjusted the presentation of these statements accordingly. ASC 985-205 has been applied retrospectively to all periods presented and had no effect on the changes in net assets of the Organization.

Basis of Presentation

The financial statements of the Organization have been prepared on the accrual basis in accordance with GAAP. The financial statements are presented in accordance with ASC 958-205, and the provisions of the American Institute of Certified Public Accountants (AICPA) "Audit and Accounting Guide for Not-for-Profit Organizations".

Under these provisions, net assets and revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified as follows:

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. The Organization's board may designate assets without restrictions for specific operational purposes from time to time. There are no designated net assets without donor restrictions as of June 30, 2019.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Donor restrictions will be met by actions of the Organization or by the passage of time.

UNITED WAY OF GASTON COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2019

Note A - Nature of Activities and Summary of Significant Accounting Policies – Continued

Comparative Data

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 GAAP. Accordingly, such information should be read in conjunction with the Organization's financial statements as of and for the year ended June 30, 2018, from which the summarized information was derived.

Use of Estimates in Preparation of Financial Statements

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Financial Instruments and Risk Considerations

Financial reporting standards require the disclosure of concentration of credit risk regardless of the degree of such risk. Financial instruments which potentially subject the Organization to concentrations of credit risk consist of cash and unconditional promises to give.

The Organization maintains its operating cash account in one commercial bank located in North Carolina. Accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000.

Unconditional promises to give, net, are mainly from residents and businesses in Gaston County, North Carolina. As such, collection of these amounts is dependent on the economy of this region.

Contributions

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. 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. The Organization uses the allowance method to determine uncollectible unconditional promises to give. The allowance is based on past experience and management's analysis of the specific promises made.

UNITED WAY OF GASTON COUNTY, INC.  
 NOTES TO FINANCIAL STATEMENTS - CONTINUED  
 June 30, 2019

Note A - Nature of Activities and Summary of Significant Accounting Policies – Continued

Functional Allocation of Expenses

The costs of providing program and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among program services and supporting services benefited. Such allocations are determined by management on an equitable basis.

The expenses that are allocated include the following:

| <u>Expense</u>       | <u>Method of Allocation</u> |
|----------------------|-----------------------------|
| Salaries and wages   | Time and effort             |
| Employee benefits    | Time and effort             |
| Payroll taxes        | Time and effort             |
| Office supplies      | Percentage of use           |
| Equipment repairs    | Percentage of use           |
| Telephone            | Percentage of use           |
| Postage              | Percentage of use           |
| Occupancy expense    | Percentage of use           |
| Publication and dues | Percentage of use           |
| Insurance            | Percentage of use           |
| Staff expense        | Percentage of use           |
| Computer service     | Percentage of use           |
| Miscellaneous        | Percentage of use           |
| Depreciation         | Percentage of use           |

Property and Equipment

Property and equipment are carried at cost. Depreciation is computed by the straight-line method over the estimated useful lives as follows:

|                                     |             |
|-------------------------------------|-------------|
| Buildings and building improvements | 10-39 years |
| Office furniture and equipment      | 5-10 years  |
| Signs                               | 7-10 years  |
| Vehicle                             | 5 years     |

Additions are charged to the property accounts while maintenance and repairs, which do not improve or extend the life of the respective assets, are expensed currently. When properties are disposed of, the related costs and accumulated depreciation are removed from the respective accounts, and any profit or loss on disposition is credited or charged to earnings.

UNITED WAY OF GASTON COUNTY, INC.  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
June 30, 2019

Note A - Nature of Activities and Summary of Significant Accounting Policies – Continued

Property and Equipment - continued

Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. 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 support. Absent donor stipulations regarding how long those 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.

Donated Services

The Organization received certain donated services. No amounts have been reflected in the statements for such services because there is no objective basis available to measure the value of such services.

Income Tax Status

The Organization is organized under Section 501(c)(3) of the Internal Revenue Code as a nonprofit, tax-exempt organization. In addition, the State of North Carolina has granted the Organization tax-exempt status.

The Organization has determined that it does not have any material unrecognized tax benefits or obligations as of June 30, 2019. The Organization has years ending June 30, 2016, 2017 and 2018 subject to examination by the Internal Revenue Service.

Investment Valuation and Income Recognition

The Organization's investments are stated at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note F for discussion of fair value measurements.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded as earned. Dividends are recorded on the ex-dividend date.

Beneficial Interest in Assets Held by Others (Endowment Fund)

In accordance with GAAP, the Organization recognizes certain assets held by a recipient organization for the sole benefit of the Organization. These amounts are valued at fair value as reported by the holder of the assets.

UNITED WAY OF GASTON COUNTY, INC.  
 NOTES TO FINANCIAL STATEMENTS - CONTINUED  
 June 30, 2019

Note A - Nature of Activities and Summary of Significant Accounting Policies – Continued

Rental Income

The Organization received rental from various lease agreements. Rental income for the year ended June 30, 2019 amounted to \$46,919. Future minimum rentals on non-cancelable operating leases for the fiscal year ending June 30, 2020: \$41,875, June 30, 2021: \$10,739, June 30, 2022: \$9,600, and June 30, 2023: \$5,000.

Subsequent Events

The Organization has evaluated subsequent events through October 16, 2019, the date the financial statements were available to be issued.

Note B - Unconditional Promises to Give

Unconditional promises to give are shown net of the allowance for uncollectible unconditional promises to give. The allowance was \$115,000 at June 30, 2019. All unconditional promises to give are due by June 30, 2020.

Included under designations payable on the statements of financial position are contributions of \$233,459 at June 30, 2019, that have been designated by the donors for specific agencies.

Note C - Property and Equipment

Property and equipment at June 30, 2019 are composed of the following:

|  | Cost         | Accumulated<br>Depreciation | Net<br>Book Value |
|--|--------------|-----------------------------|-------------------|
| Land                                   | \$ 125,000   | \$ -                        | \$ 125,000        |
| Buildings and building<br>improvements | 1,067,592    | 993,552                     | 74,040            |
| Office furniture and equipment         | 77,132       | 71,639                      | 5,493             |
| Signs                                  | 7,679        | 7,679                       | -                 |
|  | \$ 1,277,403 | \$ 1,072,870                | \$ 204,533        |

Depreciation expense was \$29,111 for the year ended June 30, 2019. Of this amount \$18,067 was allocated to rental expense and \$11,044 was allocated to operations.

UNITED WAY OF GASTON COUNTY, INC.  
NOTES TO FINANCIAL STATEMENTS – CONTINUED  
June 30, 2019

Note D - Net Assets with Donor Restrictions

Net assets with donor restrictions consist of cash and are available for the following purposes at June 30, 2019.

|                            |                  |
|----------------------------|------------------|
| Duke Energy – utility fund | \$ <u>25,226</u> |
|----------------------------|------------------|

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors. Program restrictions of \$106,503 were released from restriction during the year ended June 30, 2019.

Note E - Retirement Plan

The Organization has a SIMPLE IRA plan under Section 408(p) of the Internal Revenue Code whereby the Organization will contribute a matching contribution to each eligible employee's SIMPLE IRA which is the lower of the employee's actual contributions to the plan or 3% of their annual compensation.

Total retirement expense was \$5,179 for the year ended June 30, 2019.

Note F - Fair Value Measurements

The framework for measuring fair value 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 are described as follows:

**Level 1** Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the plan has the ability to access.

**Level 2** Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means

If the asset or liability has specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

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

UNITED WAY OF GASTON COUNTY, INC.  
 NOTES TO FINANCIAL STATEMENTS – CONTINUED  
 June 30, 2019

Note F - Fair Value Measurements – Continued

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 maximize the use of relevant observable inputs and minimize the use of unobservable inputs. Following is a description of the valuation methodologies used for assets measured at fair value. There has been no change in the methodologies used at June 30, 2019 and 2018.

*Endowment Fund:* The Endowment Fund is valued based on the underlying investments held by the Endowment. It consist of investments valued at quoted market prices, valued based on fund management’s estimates based on certain valuation methods such as cash flow analysis and other valuing methods based on income or other relevant information.

*Mutual Funds:* Valued at the daily closing price as reported by the fund. The mutual funds held by the Organization are actively traded.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Agency’s fair value measurements at June 30, 2019.

|                | June 30, 2019 |         |            | Fair Value |
|----------------|---------------|---------|------------|------------|
|                | Level 1       | Level 2 | Level 3    |            |
| Endowment fund | \$ -          | \$ -    | \$ 210,424 | \$ 210,424 |
| Mutual Funds   | 243,279       | -       | -          | 243,279    |
|                | \$ 243,279    | \$ -    | \$ 210,424 | \$ 453,703 |

The following table sets forth a summary of changes in the fair value of the Organization’s level 3 assets for the year ended June 30, 2019.

|                              | Fair Value Measurement Using Significant<br>Unobservable Inputs (Level 3) |
|------------------------------|---|
| Beginning balance            | \$ 205,529  |
| Unrealized losses            | (1,155)   |
| Interest and dividend income | 8,436   |
| Investment fees paid         | (2,386)   |
| Ending balance               | \$ 210,424  |

UNITED WAY OF GASTON COUNTY, INC.  
NOTES TO FINANCIAL STATEMENTS – CONTINUED  
June 30, 2019

Note G - Special Events

Several special events were held during the year ended June 30, 2019 which generated \$25,286 in revenues. Expenses related to these events totaled \$8,564, resulting in income to the Organization of \$16,722.

Note H - Commitments and Contingencies

Commitments to allocate funds to United Way agencies and other allocations are dependent on the results of United Way's campaigns. United Way historically provides agencies with anticipated funding commitments in advance and generally funds those commitments on a monthly basis. Such commitments are subject to adjustment based on final campaign results, including subsequent collections.

Note I - Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position sheet date, comprise the following at June 30, 2019:

|                                |                     |
|--------------------------------|---------------------|
| Cash and cash equivalents      | \$ 1,016,275        |
| Unconditional promises to give | 694,150             |
| Other receivables              | 10,666              |
| Investments                    | <u>453,703</u>      |
|                                | <u>\$ 2,174,794</u> |

The Organization generally uses these assets for programs and day-to-day operations.

As part the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations that become due.

SUPPLEMENTARY INFORMATION

UNITED WAY OF GASTON COUNTY, INC.

SCHEDULES OF AGENCY ALLOCATIONS TO BE PAID

June 30, 2019 and 2018

|  | <u>2019</u>         | <u>2018</u>         |
|--|---------------------|---------------------|
| A.C.P.P., Inc.   | \$ 32,200           | \$ 32,200           |
| Adult Day Care Center  | 51,780              | 51,980              |
| Alliance for Children & Youth  | 100,000             | 100,000             |
| American Red Cross   | 48,000              | 48,000              |
| The ARC of Gaston County   | 25,450              | 25,500              |
| Bessemer City Area Crisis Center                                     | 25,093              | 25,093              |
| Boys & Girls Clubs of Greater Gaston, Inc.                           | 165,841             | 167,201             |
| Cherryville Area Ministries and Thrift Shop                          | 27,158              | 28,190              |
| Community Relief Organization of Mt. Holly                           | 19,700              | 20,000              |
| Dallas/High Shoals Christian Social Ministry                         | 40,000              | 40,000              |
| Flynn Fellowship Home  | 18,000              | 18,000              |
| Gaston County Cancer Society   | 67,945              | 68,679              |
| Gaston County Family YMCA  | 18,643              | 18,643              |
| Gaston Literacy Council  | 99,569              | 100,129             |
| Heart Society of Gaston County                                       | 59,840              | 60,000              |
| Hospice of Gaston County, Inc.                                       | 46,014              | 58,847              |
| Piedmont Boy Scout Council   | 33,000              | 33,000              |
| GS Carolinas Peaks to Piedmont Girl Scout Council                    | 40,000              | 40,000              |
| SOCKS (Serving Our Community with Kindness in Springwood)            | 22,000              | 22,000              |
| The Salvation Army   | 22,900              | 23,000              |
| The Salvation Army Boys and Girls Clubs                              | <u>47,855</u>       | <u>48,000</u>       |
| Total agency allocations to be paid                                  | 1,010,988           | 1,028,462           |
| Less agency designations payable and additional agency payments made | <u>(172,261)</u>    | <u>(196,126)</u>    |
| Net agency allocations payable                                       | 838,727             | 832,336             |
| Plus designations payable  | <u>233,459</u>      | <u>250,468</u>      |
| Total allocations and designations to be paid                        | <u>\$ 1,072,186</u> | <u>\$ 1,082,804</u> |

See notes to financial statements.