

FINANCIAL STATEMENTS

For the Years Ended
June 30, 2019 and 2018

Prepared for:

UNITED WAY OF BENTON & LINCOLN COUNTIES

ANDERSON GROUP

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United Way of Benton & Lincoln Counties
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
United Way of Benton & Lincoln Counties

We have audited the accompanying statement of financial position of United Way of Benton & Lincoln Counties (a non-profit 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.

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 of 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 Benton & Lincoln Counties as of June 30, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

January 28, 2020

United Way of Benton & Lincoln Counties
Statement of Financial Position
As of June 30,

	2019	2018
ASSETS		
Cash and cash equivalents	\$ 117,907	\$ 175,102
Pledges receivable	132,670	134,257
Prepaid expenses	1,000	2,005
Property, equipment and software (net)	9,767	13,469
TOTAL ASSETS	\$ 261,344	\$ 324,833
LIABILITIES		
Accounts payable	\$ 9,401	\$ 5,403
Payroll liabilities	5,554	10,093
Grants payable	-	65,170
Designations payable	79,344	113,136
TOTAL LIABILITIES	94,299	193,802
NET ASSETS		
Net Assets Without Donor Restriction		
Undesignated	76,585	55,102
Board designated	62,843	62,843
Total Net Assets Without Donor Restriction	139,428	117,945
Net Assets With Donor Restriction	27,617	13,086
TOTAL NET ASSETS	167,045	131,031
TOTAL LIABILITIES AND NET ASSETS	\$ 261,344	\$ 324,833

See accompanying notes.

United Way of Benton & Lincoln Counties
Statement of Activities
For the Years Ended June 30,

	2019	2018
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTION		
SUPPORT AND REVENUE		
Gross campaign results	\$ 397,767	\$ 529,353
Less: Allowance for uncollectible pledges	(23,484)	(48,577)
Less: Donor designations	(66,799)	(81,470)
In Kind Contributions	53,828	53,000
Administrative services revenue	84,800	84,361
Special events	4,445	-
Interest income	275	243
Miscellaneous income	-	19
	450,832	536,929
TOTAL SUPPORT AND REVENUE WITHOUT DONOR RESTRICTION	450,832	536,929
Net Assets Released From Restrictions	19,731	6,119
	470,563	543,048
TOTAL SUPPORT, REVENUE AND NET ASSETS RELEASED FROM RESTRICTIONS	470,563	543,048
EXPENSES		
Program Expenses:		
Allocations and other programs	348,016	424,478
Support Services:		
Management and general	33,076	29,465
Fundraising	67,988	55,081
	449,080	509,024
TOTAL EXPENSES	449,080	509,024
Increase in Net Assets Without Donor Restrictions	21,483	34,024
CHANGES IN NET ASSETS WITH DONOR RESTRICTION		
Contributions	34,262	10,444
Net Assets Released from Restrictions	(19,731)	(6,119)
	14,531	4,325
Increase in Net Assets With Donor Restrictions	14,531	4,325
INCREASE IN NET ASSETS	36,014	38,349
NET ASSETS - BEGINNING OF YEAR	131,031	92,682
NET ASSETS - END OF YEAR	\$ 167,045	\$ 131,031

See accompanying notes.

United Way of Benton & Lincoln Counties
Statement of Functional Expenses
For the Year Ended June 30, 2019
(With Comparative Totals for the Year Ended June 30, 2018)

	2019				2018
	Support Services				(Summarized)
	Allocations and Other Programs	Management and General	Fundraising	Total	Total
Allocations to agencies					
Gross allocations awarded	\$ 192,589	\$ -	\$ -	\$ 192,589	\$ 241,501
Less: Donor designations	(66,799)	-	-	(66,799)	(81,470)
Net Allocations to agencies	125,790	-	-	125,790	160,031
Payroll and payroll related					
Salaries	120,327	12,607	46,580	179,514	133,623
Payroll taxes	7,673	1,346	4,485	13,504	15,066
Employee benefits	2,593	220	758	3,571	2,712
Total Payroll and payroll related	130,593	14,173	51,823	196,589	151,401
Travel and meals	4,127	92	367	4,586	4,595
Rent and occupancy	41,730	927	3,709	46,366	56,337
Communications	5,901	2,201	525	8,627	9,964
Service charges	889	203	1,706	2,798	2,817
Insurance	3,899	279	464	4,642	745
Professional fees	12,975	8,788	1,153	22,916	92,594
Dues and subscriptions	2,291	991	204	3,486	2,839
Community involvement	-	-	-	-	20
Supplies	772	14	1,665	2,451	3,172
Postage	688	49	82	819	1,052
Printing	317	2	2,121	2,440	1,460
State charitable fund drive fee	956	-	3,824	4,780	5,740
Volunteer expense	-	-	-	-	733
Advertising	930	-	49	979	1,396
Day of Caring and event expense	10,981	-	-	10,981	4,201
United Way of America					
annual membership fee	1,845	160	-	2,005	4,699
Miscellaneous	-	5,123	-	5,123	588
Depreciation	3,332	74	296	3,702	4,640
TOTAL FUNCTIONAL EXPENSES	\$ 348,016	\$ 33,076	\$ 67,988	\$ 449,080	\$ 509,024

See accompanying notes.

United Way of Benton & Lincoln Counties
Statement of Cash Flows
For the Years Ended June 30,

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in Net Assets	\$ 36,014	\$ 38,349
Adjustments to reconcile decrease in net assets to net cash provided (used) by operating activities:		
Depreciation	3,702	4,640
Decrease in Pledges receivable	1,587	43,905
(Increase) in Prepaid expenses	1,005	(2,005)
Increase in Accounts payable	3,997	1,741
(Decrease) Increase in Payroll liabilities	(4,538)	5,403
(Decrease) Increase in Grants payable	(65,170)	14,923
Decrease in Designations payable	(33,792)	(59,877)
Net Cash Provided (Used) by Operating Activities	(57,195)	47,079
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	-	-
Net Cash Used by Investing Activities	-	-
Net (Decrease) Increase in Cash and Cash Equivalents	(57,195)	47,079
Cash and Cash Equivalents, Beginning of Year	175,102	128,023
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 117,907	\$ 175,102

See accompanying notes.

United Way of Benton & Lincoln Counties
Notes to Financial Statements
For the Years Ended June 30, 2019 and 2018

NOTE 1 – NATURE OF ACTIVITIES

United Way of Benton & Lincoln Counties – an independent, locally managed not-for-profit organization – brings people and communities together to advance the common good by creating a better life for us all. United Way has been redesigning systems, coordinating multi-sector partnerships, educating policymakers, investing in targeted programs, and engaging United Way’s volunteers in significant ways in Benton County since 1954 and in Lincoln County since 1955.

United Way’s mission is to “increase the organized capacity of people in Benton and Lincoln counties to care for one another.” Achieving this means we span many altitudes, from the ground-level work of mobilizing volunteers and funding basic needs programs, to the high-level work of forging system-wide change and creating effective strategic partnerships. We deliver on our mission in the following ways:

- Providing funding support for programs meeting basic needs today
- Working with community stakeholders to address and Break the Cycle of Childhood Poverty
- Supporting affordable, quality childcare so families can work
- Promoting educational supports for youth, so they can stay on track in school
- Ensuring access to life and job skills training for youth and young adults so they can succeed in life
- Promoting financial literacy so more people can make smart choices about their opportunities and challenges
- Promoting community-wide volunteerism

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables and other liabilities in accordance with accounting principles generally accepted in the United States of America.

United Way of Benton & Lincoln Counties
Notes to Financial Statements
For the Years Ended June 30, 2019 and 2018

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

New Accounting Pronouncement

On August 18, 2016, FASB issued Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. We have implemented ASU 2016-14 and have adjusted the presentation in these financial statements accordingly. The ASU has been applied retrospectively to all periods 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 3).

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

Cash and Cash Equivalents

Cash and cash equivalents include all monies in banks and highly liquid investments with maturity dates of less than three months. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments.

Promises to Give

The Organization uses the allowance method to estimate uncollectible unconditional promises to give. The allowance reduces unconditional promises to give, recorded in the statement of financial position, to estimated net collectible amounts. The allowance estimate is based on prior years' experience and management's assessment of specific promises made.

United Way of Benton & Lincoln Counties
Notes to Financial Statements
For the Years Ended June 30, 2019 and 2018

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, Equipment and Software

Acquisitions of land, building and equipment in excess of \$500 are capitalized. Buildings and improvements are depreciated over 10 to 25 years, while equipment and software are depreciated over an average of 5 years. Depreciation is computed using the straight-line method based on the various classes of assets.

Donations of land, building and equipment are recorded as support at their estimated fair value on the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose.

Net Assets

Net assets, revenues, gains and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

- Without Donor Restrictions – Net assets available for use in general operations and not subject to donor restrictions. The governing board has designated, from net assets without donor restrictions, net assets for operating reserves.
- With Donor Restrictions – Net assets subject to donor-imposed stipulations. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time, or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. There were no net assets with donor restrictions that were perpetual in nature as of June 30, 2019 and 2018.

Use of Estimates

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

Income Tax Status

The corporation is qualified as an organization exempt from federal and state income tax under Internal Revenue Code Section 501(c)(3) and is exempt from federal, state and local income taxes and classified by the Internal Revenue Service as other than a private foundation. The corporation is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. Foundation management believes it is no longer subject to income tax examinations for years prior to 2013.

United Way of Benton & Lincoln Counties
Notes to Financial Statements
For the Years Ended June 30, 2019 and 2018

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Public Support and Revenue

Annual campaign contributions are generally available for unrestricted use in the related campaign year unless specifically designated by the donor. The annual calendar year campaigns begin in the fall of the prior year. Pledges received for the 2018 and 2017 calendar year campaigns were recorded as revenue during the years ended June 30, 2019 and 2018, respectively. Pledges are generally received during the pledge year. As of June 30, pledges that have not been received for the previous calendar year are written off as uncollectible.

The Organization also acts as an agent for collection and distributions of other funds, which are accounted for as agency funds, thus not reported on the accompanying Statement of Financial Activities.

Contributions are reported as donor restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, donor restricted net assets are reclassified as net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met within the same year as received are reported as contributions without donor restrictions in the accompanying financial statements.

The Organization uses the allowance method to estimate uncollectible pledges. The allowance reduces pledges receivable, recorded in the statement of financial position, to estimated net collectible amounts. The allowance is based on prior years' experience and management's analysis of specific promises made.

For the years ended June 30, 2019 management estimated the allowance at 8%, amounting to \$11,536 as of June 30, 2019. Management estimated the allowance at 7% for Benton County pledges and 10% for Lincoln County pledges as of June 30, 2018, amounting to \$9,368 and \$1,088, respectively as of June 30, 2018.

Contributed Services

A number of volunteers have made significant contributions of time to United Way's programs and fund-raising campaign. The value of this contributed time does not meet the criteria for recognition as contributed service revenue/expense and, accordingly, is not reflected in the accompanying financial statements.

Functional Allocation of Expenses

The costs of providing program and supportive services have been summarized on a functional basis in the statements of activities and changes in net assets and the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supported services benefited based on a reasonable basis that is consistently applied.

United Way of Benton & Lincoln Counties
Notes to Financial Statements
For the Years Ended June 30, 2019 and 2018

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Comparative Data

The amounts shown for the year ended June 30, 2018 in the accompanying statement of functional expenses are included to provide a basis for comparison with 2019. Accordingly, the 2018 totals are not intended to present all information necessary for a fair presentation in conformity with accounting principles generally accepted in the United States of America. Such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2018, from which the summarized information was derived.

Concentrations

Credit risk: The Organization places its cash and temporary investments with various financial institutions. As of June 30, 2019 and 2018 none of the bank balances exceeded the federally insured limit.

Geographic location: The Organization receives a majority of its donations from individuals and organizations within the same geographic region of Benton and Lincoln counties.

Pledges: There are four local employers and donors who each account for over 5% of the Pledges receivable as of June 30, 2019. Approximately 34% of the Pledges receivable are from individuals employed by these local employers or the employers themselves.

NOTE 3—LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

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 date, comprise the following as of June 30,:

	<u>2019</u>	<u>2018</u>
Financial assets, at year end	\$ 261,344	\$ 324,833
Less those unavailable for general expenditure within one year:		
Amounts designated by the Board for specific purposes	(62,843)	(62,843)
Amounts with donor restriction	(27,617)	(13,086)
Property and equipment	<u>(9,767)</u>	<u>(13,469)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 161,117</u>	<u>\$ 235,435</u>

United Way of Benton & Lincoln Counties
Notes to Financial Statements
For the Years Ended June 30, 2019 and 2018

NOTE 3—LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS (continued)

The Board established an operating reserve fund, which may be drawn upon, if necessary, to meet unexpected liquidity needs or in the event of financial distress. The balance in this fund as of June 30, 2019 and 2018 was \$47,843. Additionally, the board has funds designated for the 211 project that can be drawn upon, if necessary. The balance in this fund as of June 30, 2019 and 2018 was \$15,000.

NOTE 4 – PLEDGES RECEIVABLE

Pledges receivable consist of public pledges of contributions to the Organization. These pledges consist of payroll deductions from employees of various businesses and direct contributions from businesses and individuals. An allowance for uncollectible pledges is based on historical information. Pledges receivable consisted of the following as of June 30,:

	<u>2019</u>	<u>2018</u>
Pledges receivable	\$ 144,206	\$ 144,713
Allowance for uncollectible pledges	<u>(11,536)</u>	<u>(10,456)</u>
Net Pledges Receivable	<u>\$ 132,670</u>	<u>\$ 134,257</u>

To the extent that corporate and individual pledges receivable have been designated by the donor for a specific agency, a corresponding liability for designations payable has been recorded. At June 30, 2019 and 2018, these designations, net of allowance for uncollectible pledges totaled \$79,344 and \$113,136, respectively.

NOTE 5 – PROPERTY, EQUIPMENT AND SOFTWARE

Property, equipment and software consisted of the following at June 30,:

	<u>2019</u>	<u>2018</u>
Furniture and fixtures	\$ 8,572	\$ 8,572
Office equipment	5,069	5,069
Computer hardware and software	25,853	24,584
Mobile Makerspace	<u>17,330</u>	<u>17,330</u>
	56,824	56,824
Accumulated Depreciation	<u>(47,057)</u>	<u>(43,355)</u>
Net Property, Equipment and Software	<u>\$ 9,767</u>	<u>\$ 13,469</u>

United Way of Benton & Lincoln Counties
Notes to Financial Statements
For the Years Ended June 30, 2019 and 2018

NOTE 6 – GRANTS PAYABLE

The Organization conducts an open, competitive process to distribute undesignated funds among community partner agencies based on pledge/contribution results from the annual campaigns, which end on June 30th of each year. Applicant agencies must meet minimum funding criteria to be accepted into the granting cycle. Acceptance into the granting cycle does not guarantee funding. Citizen volunteers, representing the interest of hundreds of donors, review all agency requests and make funding recommendations to the Organization’s Board, who reviews and approves the recommendations. During the years ended June 30, 2019 and 2018, allocations were committed in the amount of \$77,177 and \$65,170 to be paid out during the following fiscal years ended June 30, 2020 and 2019, respectively.

NOTE 7 – OPERATING LEASES

Office Space – Benton County

The Organization’s use of office space in Benton County is donated by another non-profit organization. The value of the monthly donated rent is estimated at \$4,167 per month. The lease is renewable on an annual basis with both parties’ agreement.

Office Space – Lincoln County

The Organization’s use of office space in Lincoln County is donated by another non-profit organization. The value of the monthly donated rent is estimated at \$250 per month. The lease is a month-to-month lease.

Copier

In July 2014, the Organization entered into a non-cancelable operating lease for a copier, folder/insertor and postage machine. The lease requires a monthly payment of \$496 for 60 months, ending August 2019.

NOTE 8 – BOARD DESIGNATED NET ASSETS

The Organization’s Board of Directors has chosen to place the following limitations on unrestricted net assets as of June 30,:

	<u>2019</u>	<u>2018</u>
Operating Reserve – Benton County	\$ 47,338	\$ 47,338
Operating Reserve – Lincoln County	<u>15,505</u>	<u>15,505</u>
Total Board Designated Net Assets	<u>\$ 62,843</u>	<u>\$ 62,843</u>

United Way of Benton & Lincoln Counties
Notes to Financial Statements
For the Years Ended June 30, 2019 and 2018

NOTE 9 – DONOR RESTRICTED NET ASSETS

Temporarily Restricted Net Assets as of June 30, 2019 consisted of the following:

	Beginning			Ending	
	<u>Balance</u>	<u>Donations</u>		<u>Expenses</u>	<u>Balance</u>
Dolly Parton Imagination Library	\$ 4,043	\$ 24,614	\$	(10,371)	\$ 18,286
Mobile Makerspace	216	-		(216)	-
Housing Opportunities Action Co	144	-		(144)	-
South Benton Advisory Group	<u>8,683</u>	<u>9,648</u>		<u>(9,000)</u>	<u>9,331</u>
	<u>\$ 13,086</u>	<u>\$ 34,262</u>	<u>\$</u>	<u>(19,731)</u>	<u>\$ 27,617</u>

Temporarily Restricted Net Assets as of June 30, 2018 consisted of the following:

	Beginning			Ending	
	<u>Balance</u>	<u>Donations</u>		<u>Expenses</u>	<u>Balance</u>
Dolly Parton Imagination Library	\$ 2,068	\$ 2,094	\$	(119)	\$ 4,043
Mobile Makerspace	216	-		-	216
Housing Opportunities Action Co	144	-		-	144
South Benton Advisory Group	<u>6,333</u>	<u>8,350</u>		<u>(6,000)</u>	<u>8,683</u>
	<u>\$ 8,761</u>	<u>\$ 10,444</u>	<u>\$</u>	<u>(6,119)</u>	<u>\$ 13,086</u>

NOTE 10 – IN KIND CONTRIBUTIONS AND RELATED EXPENSES

In Kind contributions were received for the following expenses during the year ended June 30, :

	<u>2019</u>	<u>2018</u>
Rent and occupancy	\$ 46,917	\$ 53,000
Day of caring and event expense	<u>6,911</u>	<u>-</u>
Total	<u>\$ 53,828</u>	<u>\$ 53,000</u>

United Way of Benton & Lincoln Counties
Notes to Financial Statements
For the Years Ended June 30, 2019 and 2018

NOTE 11 – FAIR VALUE OF FINANCIAL INSTRUMENTS

The following methods and assumptions were used by the Organization in estimating the fair value of its financial instruments:

Cash and cash equivalents and pledges receivable: The carrying amounts reported in the statement of financial position approximate fair values because of the short maturities of those instruments.

Accounts payable: The carrying amount reported in the statement of financial position for these liabilities approximates fair value.

NOTE 12 – SUBSEQUENT EVENTS

Subsequent events are events or transactions that occur after the balance sheet date but before financial statements are issued. The Organization recognizes in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the balance sheet, including the estimates inherent in the process of preparing the financial statements. The Organization's financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the balance sheet but arose after the balance sheet date and before financial statements are available to be issued.

On January 1, 2020, The United Way of Benton & Lincoln Counties merged with the United Way of Linn County.

The Organization has evaluated subsequent events through January 28, 2020, which is the date the financial statements are issued.