



United Way of Asheville
and Buncombe County

**UNITED WAY OF ASHEVILLE
AND BUNCOMBE COUNTY, INC.**

Asheville, North Carolina

Financial Statements and
Supplementary Information

Years Ended June 30, 2020 and 2019

UNITED WAY OF ASHEVILLE AND BUNCOMBE COUNTY, INC.

OFFICERS

Jennie Eblen	Chair
Susanne T. Swanger	Chair-Elect
Himanshu K. Karvir	Vice-Chair
Cheryl H. Atkins	Treasurer
Heather W. Goldstein	Secretary
Kit W. Cramer	Past Chair

BOARD OF DIRECTORS

Cheryl H. Atkins	Robert McArthur
Amy L. Bibby	Lakesha F. McDay
Debra D. Campbell	Kevin Robert McDonald
Shelia Christofalos	LaVie Montgomery
Michael S. Cortes	Rachael Nygaard
Chip Craig	Emma C. Olson
Kit W. Cramer	Ann Ray
Jamye R. Davis	Ashley B. Smith
Jennie Eblen	Julie P. Smith
Taylor Foss	John R. Sutton, Jr.
Andrew A. Gmitter	Susanne T. Swanger
Heather W. Goldstein	Ben P. Teague
Dr. William R. Hathaway	Jason A. Walls
Melissa N. Hedt	Dr. Darin Waters
Chris Hoffman	Glenn W. Wilcox, Sr.
Laurel Jernigan	Angelica M. Wind
Himanshu K. Karvir	JoAnn Yoder

PRESIDENT AND CEO

Dan B. Leroy

UNITED WAY OF ASHEVILLE AND BUNCOMBE COUNTY, INC.

TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITORS' REPORT	1-2
FINANCIAL STATEMENTS	
Statements of Financial Position	3
Statement of Activities - 2020	4
Statement of Activities - 2019	5
Statement of Functional Expenses - 2020	6-7
Statement of Functional Expenses - 2019	8-9
Statements of Cash Flows	10
Notes to Financial Statements	11-27
SUPPLEMENTARY INFORMATION	
Schedule of Grants to Partner Organizations	28
Schedule of Building Expenses	29

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
United Way of Asheville and Buncombe County, Inc.

We have audited the accompanying financial statements of United Way of Asheville and Buncombe County, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

To the Board of Directors
United Way of Asheville and Buncombe County, Inc.
Page 2

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Way of Asheville and Buncombe County, Inc. as of June 30, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of grants to partner organizations and schedule of building expenses are presented for purposes of additional analysis and are not required parts of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

CARTER, P.C.

Asheville, North Carolina
February 17, 2021

UNITED WAY OF ASHEVILLE AND BUNCOMBE COUNTY, INC.

Statements of Financial Position
June 30, 2020 and 2019

	2020	2019
Assets		
Current assets:		
Cash and equivalents:		
Unrestricted	\$ 238,900	\$ 210,229
Restricted	10,672	23,912
Grants receivable		25,000
Promises to give, current portion	1,065,294	1,861,470
Other receivables	64,525	37,635
Prepaid expenses	20,529	28,103
Total current assets	1,399,920	2,186,349
Promises to give, net of current portion	10,000	29,000
Investments	1,215,105	1,293,943
Other investment	26,531	22,751
Beneficial interest in endowment funds	2,316,259	2,042,515
Property and equipment	1,732,556	1,813,392
Total assets	\$ 6,700,371	\$ 7,387,950
Liabilities and net assets		
Current liabilities:		
Line of credit	\$	\$ 196,651
Current maturities of long-term debt	183,845	
Accounts payable and accrued liabilities	210,145	278,088
Grants payable	454,726	1,260,063
Security deposits	3,227	3,067
Total current liabilities	851,943	1,737,869
Long-term debt, net of current maturities	234,155	
Total liabilities	1,086,098	1,737,869
Net assets:		
Without donor restrictions	4,825,124	4,444,573
With donor restrictions	789,149	1,205,508
Total net assets	5,614,273	5,650,081
Total liabilities and net assets	\$ 6,700,371	\$ 7,387,950

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

UNITED WAY OF ASHEVILLE AND BUNCOMBE COUNTY, INC.

Statement of Activities
Year Ended June 30, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues and other support			
Campaign contributions	\$	\$ 3,091,941	\$ 3,091,941
Less, designations received and paid		(370,172)	(370,172)
Building rents, net	82,335		82,335
Grants		398,009	398,009
Contracts	296,770		296,770
Sponsorships		38,860	38,860
Other contributions		175,534	175,534
Investment income, net	23,489	(82)	23,407
In-kind contributions		158,839	158,839
Miscellaneous income	11,021		11,021
Net assets released from restrictions	<u>3,909,994</u>	<u>(3,909,994)</u>	
Total revenues and other support	<u>4,323,609</u>	<u>(417,065)</u>	<u>3,906,544</u>
Expenses			
Program services	2,598,773		2,598,773
Supporting services	<u>1,264,778</u>		<u>1,264,778</u>
Total expenses	<u>3,863,551</u>		<u>3,863,551</u>
Increase (decrease) in net assets before other gains (losses)	<u>460,058</u>	<u>(417,065)</u>	<u>42,993</u>
Other gains (losses)			
Net losses on investments	(46,593)		(46,593)
Net gains on other investment	3,780		3,780
Net gains (losses) on beneficial interest in endowment funds	<u>(36,694)</u>	<u>706</u>	<u>(35,988)</u>
Total other gains (losses)	<u>(79,507)</u>	<u>706</u>	<u>(78,801)</u>
Increase (decrease) in net assets	380,551	(416,359)	(35,808)
Net assets at beginning of year	<u>4,444,573</u>	<u>1,205,508</u>	<u>5,650,081</u>
Net assets at end of year	<u>\$ 4,825,124</u>	<u>\$ 789,149</u>	<u>\$ 5,614,273</u>

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

UNITED WAY OF ASHEVILLE AND BUNCOMBE COUNTY, INC.

Statement of Activities
Year Ended June 30, 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues and other support			
Campaign contributions	\$	\$ 4,059,697	\$ 4,059,697
Less, designations received and paid		(405,779)	(405,779)
Building rents, net	67,309		67,309
Grants		195,033	195,033
Contracts	300,103		300,103
Sponsorships		59,635	59,635
Other contributions		386,713	386,713
Investment income, net	23,226		23,226
In-kind contributions		87,210	87,210
Miscellaneous income	5,584		5,584
Net assets released from restrictions	<u>3,972,980</u>	<u>(3,972,980)</u>	
Total revenues and other support	<u>4,369,202</u>	<u>409,529</u>	<u>4,778,731</u>
Expenses			
Program services	3,331,626		3,331,626
Supporting services	<u>1,330,685</u>		<u>1,330,685</u>
Total expenses	<u>4,662,311</u>		<u>4,662,311</u>
Increase (decrease) in net assets before other gains (losses)	<u>(293,109)</u>	<u>409,529</u>	<u>116,420</u>
Other gains (losses)			
Net gains on investments	2,054		2,054
Net gains on other investment	7,420		7,420
Net gains on beneficial interest in endowment funds	41,146		41,146
Loss on disposal of property and equipment	<u>(1,681)</u>		<u>(1,681)</u>
Total other gains (losses)	<u>48,939</u>		<u>48,939</u>
Increase (decrease) in net assets	(244,170)	409,529	165,359
Net assets at beginning of year	<u>4,688,743</u>	<u>795,979</u>	<u>5,484,722</u>
Net assets at end of year	<u>\$ 4,444,573</u>	<u>\$ 1,205,508</u>	<u>\$ 5,650,081</u>

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

UNITED WAY OF ASHEVILLE AND BUNCOMBE COUNTY, INC.

Statement of Functional Expenses
Year Ended June 30, 2020

	Program Services				
	2-1-1 Call Center	Hands On	Community Partnerships	Communi- cations & Marketing	Community Schools
Salaries	\$ 357,918	\$ 106,223	\$ 138,416	\$ 159,001	\$ 407,717
Employee benefits	64,990	27,450	30,310	39,980	98,376
Payroll taxes	29,055	7,729	9,792	11,796	29,787
Contract labor				500	5,956
Total payroll and related expenses	451,963	141,402	178,518	211,277	541,836
Grants and contracts			444,549		109,498
Supplies	2,669	153,865	6,448	1,147	3,240
Homework diners					69,577
Maintenance	10,143	2,811	3,147	4,437	8,494
Computer support	11,891	5,326	5,557	7,436	18,631
Printing	493	251	118	7,644	499
Postage	1,073	285	362	436	1,100
Telephone	10,746	349	805	484	829
Training	4,265	567	788	1,705	10,440
Travel and conferences	2,491	1,358	1,955	703	11,674
Memberships and dues	16,116	3,633	20,730	5,278	13,326
Advertising				31,580	
Professional fees	7,366	979	825	1,252	2,248
Insurance	1,461	1,495	401	612	1,087
Bad debt					
Miscellaneous	744	108	58	221	178
Total expenses before interest and depreciation	521,421	312,429	664,261	274,212	792,657
Interest					
Depreciation	12,352	3,538	3,538	6,081	8,284
Total expenses	\$ 533,773	\$ 315,967	\$ 667,799	\$ 280,293	\$ 800,941

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

UNITED WAY OF ASHEVILLE AND BUNCOMBE COUNTY, INC.

Statement of Functional Expenses (continued)
Year Ended June 30, 2020

	Total Program Services	Supporting Services			Total
		Management & General	Fundraising	Total Supporting Services	
Salaries	\$ 1,169,275	\$ 271,352	\$ 394,439	\$ 665,791	\$ 1,835,066
Employee benefits	261,106	69,499	78,471	147,970	409,076
Payroll taxes	88,159	21,535	30,559	52,094	140,253
Contract labor	<u>6,456</u>	<u>761</u>		<u>761</u>	<u>7,217</u>
Total payroll and related expenses	1,524,996	363,147	503,469	866,616	2,391,612
Grants and contracts	554,047				554,047
Supplies	167,369	2,568	2,732	5,300	172,669
Homework diners	69,577				69,577
Maintenance	29,032	7,336	9,364	16,700	45,732
Computer support	48,841	12,840	21,826	34,666	83,507
Printing	9,005	365	1,371	1,736	10,741
Postage	3,256	795	1,128	1,923	5,179
Telephone	13,213	948	908	1,856	15,069
Training	17,765	2,178	5,307	7,485	25,250
Travel and conferences	18,181	1,611	30,794	32,405	50,586
Memberships and dues	59,083	10,333	15,660	25,993	85,076
Advertising	31,580				31,580
Professional fees	12,670	37,724	9,398	47,122	59,792
Insurance	5,056	1,754	1,672	3,426	8,482
Bad debt			179,940	179,940	179,940
Miscellaneous	<u>1,309</u>	<u>14,240</u>	<u>1,555</u>	<u>15,795</u>	<u>17,104</u>
Total expenses before interest and depreciation	2,564,980	455,839	785,124	1,240,963	3,805,943
Interest		5,488		5,488	5,488
Depreciation	<u>33,793</u>	<u>8,321</u>	<u>10,006</u>	<u>18,327</u>	<u>52,120</u>
Total expenses	<u>\$ 2,598,773</u>	<u>\$ 469,648</u>	<u>\$ 795,130</u>	<u>\$ 1,264,778</u>	<u>\$ 3,863,551</u>

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

UNITED WAY OF ASHEVILLE AND BUNCOMBE COUNTY, INC.

Statement of Functional Expenses
Year Ended June 30, 2019

	Program Services				
	2-1-1 Call Center	Hands On	Community Partnerships	Communi- cations & Marketing	Community Schools
Salaries	\$ 361,803	\$ 106,791	\$ 123,882	\$ 159,095	\$ 357,910
Employee benefits	59,107	29,100	26,436	36,259	88,021
Payroll taxes	27,875	7,568	8,661	12,061	25,897
Total payroll and related expenses	448,785	143,459	158,979	207,415	471,828
Grants and contracts			1,260,063		122,031
Supplies	2,443	94,258	5,234	3,843	3,756
Homework diners					87,239
Maintenance	11,659	2,851	2,487	3,461	5,767
Computer support	4,652	5,701	5,849	5,855	15,290
Printing	991	343	259	18,732	1,027
Postage	1,387	442	313	428	1,000
Telephone	13,524	301	276	75	690
Training	7,310	6,092	1,367	1,095	9,450
Travel and conferences	6,229	1,759	1,433	1,071	9,290
Memberships and dues	14,795	4,117	20,017	5,595	12,273
Advertising				23,840	
Professional fees	11,439	2,147	2,099	1,517	4,508
Insurance	1,847	770	502	766	1,415
Bad debt					
Miscellaneous	5,559	3,147	1,533	2,482	5,152
Total expenses before interest and depreciation	530,620	265,387	1,460,411	276,175	750,716
Interest	4,123	1,077	1,078	1,476	3,420
Depreciation	13,536	3,881	3,881	6,765	9,080
Total expenses	\$ 548,279	\$ 270,345	\$ 1,465,370	\$ 284,416	\$ 763,216

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

UNITED WAY OF ASHEVILLE AND BUNCOMBE COUNTY, INC.

Statement of Functional Expenses (continued)
Year Ended June 30, 2019

	Total Program Services	Supporting Services			Total Supporting Services	Total
		Management & General	Fundraising			
Salaries	\$ 1,109,481	\$ 219,628	\$ 428,252	\$ 647,880	\$ 1,757,361	
Employee benefits	238,923	60,729	82,496	143,225	382,148	
Payroll taxes	<u>82,062</u>	<u>16,564</u>	<u>32,023</u>	<u>48,587</u>	<u>130,649</u>	
Total payroll and related expenses	1,430,466	296,921	542,771	839,692	2,270,158	
Grants and contracts	1,382,094				1,382,094	
Supplies	109,534	2,071	5,810	7,881	117,415	
Homework diners	87,239				87,239	
Maintenance	26,225	6,721	7,854	14,575	40,800	
Computer support	37,347	10,933	18,501	29,434	66,781	
Printing	21,352	629	619	1,248	22,600	
Postage	3,570	1,700	2,168	3,868	7,438	
Telephone	14,866	1,443	1,135	2,578	17,444	
Training	25,314	3,667	4,997	8,664	33,978	
Travel and conferences	19,782	1,881	43,178	45,059	64,841	
Memberships and dues	56,797	9,131	13,001	22,132	78,929	
Advertising	23,840				23,840	
Professional fees	21,710	8,956	12,563	21,519	43,229	
Insurance	5,300	1,853	1,291	3,144	8,444	
Bad debt			291,324	291,324	291,324	
Miscellaneous	<u>17,873</u>	<u>8,096</u>	<u>6,527</u>	<u>14,623</u>	<u>32,496</u>	
Total expenses before interest and depreciation	3,283,309	354,002	951,739	1,305,741	4,589,050	
Interest	11,174	2,412	2,577	4,989	16,163	
Depreciation	<u>37,143</u>	<u>8,993</u>	<u>10,962</u>	<u>19,955</u>	<u>57,098</u>	
Total expenses	<u>\$ 3,331,626</u>	<u>\$ 365,407</u>	<u>\$ 965,278</u>	<u>\$ 1,330,685</u>	<u>\$ 4,662,311</u>	

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

UNITED WAY OF ASHEVILLE AND BUNCOMBE COUNTY, INC.

Statements of Cash Flows
Years Ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities		
Increase (decrease) in net assets	\$ (35,808)	\$ 165,359
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	86,867	95,164
Bad debt expense	179,940	291,324
Receipt of donated stock	(249,849)	(193,066)
Net (gains) losses on investments	46,593	(2,054)
Net gains on other investment	(3,780)	(7,420)
Net (gains) losses on beneficial interest in endowment funds	35,988	(41,146)
Receipt of donated property and equipment		(7,967)
Loss on disposal of property and equipment		1,681
Changes in working capital - sources (uses):		
Grants receivable	25,000	22,001
Promises to give	640,830	(201,634)
Other receivables	(32,484)	31,976
Prepaid expenses	7,574	34,803
Accounts payable and accrued liabilities	(67,943)	96,770
Grants payable	(805,337)	(243,332)
Security deposits	160	1,994
Custodial account		<u>(3,674)</u>
Net cash provided (used) by operating activities	<u>(172,249)</u>	<u>40,779</u>
Cash flows from investing activities		
Proceeds from sale of investments	4,707,367	3,805,281
Distribution from beneficial interest in endowment funds	70,020	64,400
Purchase of investments	(4,425,273)	(3,613,306)
Purchase of other investment		(15,331)
Contributions to beneficial interest in endowment funds	(374,865)	
Change in beneficial interest in endowment funds	(4,887)	(2,941)
Purchase of property and equipment	<u>(6,031)</u>	<u>(37,354)</u>
Net cash provided (used) by investing activities	<u>(33,669)</u>	<u>200,749</u>
Cash flows from financing activities		
Proceeds from borrowings on line of credit	1,673,259	3,022,447
Principal repayments on line of credit	(1,869,910)	(3,269,596)
Proceeds from issuance of long-term debt	<u>418,000</u>	
Net cash provided (used) by financing activities	<u>221,349</u>	<u>(247,149)</u>
Net increase (decrease) in cash and equivalents and restricted cash	15,431	(5,621)
Cash and equivalents and restricted cash at beginning of year	<u>234,141</u>	<u>239,762</u>
Cash and equivalents and restricted cash at end of year	<u>\$ 249,572</u>	<u>\$ 234,141</u>
Supplemental disclosure of cash flow information		
Cash paid during the year for interest	<u>\$ 5,488</u>	<u>\$ 16,632</u>

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

UNITED WAY OF ASHEVILLE AND BUNCOMBE COUNTY, INC.

Notes to Financial Statements
June 30, 2020 and 2019

Note 1 - Summary of Significant Accounting Policies

Organization

"Unite People. Improve Lives. Strengthen Community." United Way of Asheville and Buncombe County, Inc. (Organization) is a nonprofit entity committed to reducing the impact that poverty has on the lives of students, families, and communities. The Organization is dedicated to creating a strong, caring community where our neighbors are educated, financially stable and healthy. This is achieved through the Organization's key strategies:

- *2-1-1 Call Center:* NC 2-1-1 is a free and confidential information and referral line for people in need of health and human services. The Organization operates the 2-1-1 call center that serves the sixteen counties in Western North Carolina and provides statewide support during natural disasters and other crises.
- *Hands-On Asheville Buncombe:* The Organization's volunteer center mobilizes more than 3,000 people every year to tackle projects of every shape and size and connects people to volunteer opportunities that fit their interests, skills and availability through the Organization and other nonprofit and public service organizations.
- *Community Partnerships:* Using input from volunteers and subject-matter experts, the Organization invests in high-quality programs that improve the education, financial stability, and health of the community through competitive grants to 31 nonprofit agencies.
- *Community Schools:* Students and families living in poverty face significant barriers to educational success and a healthy life. The Organization serves as a backbone organization to a coalition of more than 50 organizations that are changing how we build support for students, families, and communities.

Income Tax Status

The Organization is exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under section 509(a)(2). The Organization has also been classified as a publicly-supported charitable organization and is exempt from state taxes under North Carolina General Statute 105-130.11(a).

Note 1 - Summary of Significant Accounting Policies (continued)

Basis of Presentation

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP), which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

- *Net assets without donor restrictions:* Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and Board of Directors.
- *Net assets with donor restrictions:* Net assets subject to donor-imposed time or purpose restrictions. These restrictions limit the spending options when using these resources because the Organization has a fiduciary responsibility to follow the donors' instructions. Net assets with donor restrictions generally result from donor-restricted contributions, grants for a specific purpose, and investment income generated by donor-restricted endowment funds. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization, or the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Support is recorded as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Expirations of donor restrictions on net assets (that is, the donor-stipulated purpose has been fulfilled and/or time period has elapsed) are reported as net assets released from restrictions.

Measure of Operations

The statements of activities report all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to the Organization's ongoing program services. Non-operating activities are gains and losses related to investments, other investment, beneficial interest in endowment funds, and disposal of property and equipment, and other activities considered to be more unusual or nonrecurring in nature.

Fair Value of Financial Instruments

The fair value of substantially all reported assets and liabilities, other than promises to give, investments, other investment, beneficial interest in endowment funds, line of credit, and long-term debt, approximates fair value due to the relatively short-term nature of the financial instruments.

Amounts recognized for promises to give approximates fair value due to the allowance for uncollectible promises to give applied to outstanding balances.

Note 1 - Summary of Significant Accounting Policies (continued)

Fair Value of Financial Instruments (continued)

Fair value of investments, other investment, and beneficial interest in endowment funds are discussed in Note 7.

The carrying value of the line of credit and long-term debt approximates fair value due to market interest rates charged at the time of borrowing.

Cash and Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents, except those amounts designated and classified as investments. Restricted cash consists of cash held for health insurance claims.

Promises to Give

Conditional promises to give are not recognized in the financial statements until the conditions are substantially met. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in more than one year are recorded at the present value of their future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are expected to be received. Amortization of the discount is included in campaign contributions. Management provides for probable uncollectible amounts through a provision for uncollectible promises to give based on prior collection history and future expected collection rates.

Fair Value Measurements and Disclosures

The Organization applies U.S. GAAP authoritative guidance for fair value measurements and disclosures, which defines fair value, establishes a framework for measuring fair value, and requires certain disclosures about fair value measurements. The standard describes three levels of inputs that may be used to measure fair value:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization 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.

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

Note 1 - Summary of Significant Accounting Policies (continued)

Fair Value Measurements and Disclosures (continued)

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

Assets and liabilities within the hierarchy are based on the lowest (or least observable) input that is significant to the measurement. The Organization's assessment of the significance of an input requires judgment, which may affect the valuation and classification within the fair value hierarchy.

Investments

Investments are recorded at fair market value. Both unrealized gains and losses from the fluctuation of market value and realized gains and losses from the sale of investments are reflected in the statements of activities.

Investment Income and Gains

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

Property and Equipment

Additions to property and equipment, if purchased, are recorded at cost. Major renewals and replacements are capitalized as incurred. Expenditures for repairs and maintenance that do not improve or extend the life of the asset are expensed as incurred. The Organization has adopted an accounting policy to capitalize all property and equipment with a cost greater than \$1,000 and an estimated useful life extending beyond one year.

Depreciation is computed using the straight-line method over the estimated useful life of each class of depreciable asset as follows:

Building and improvements	3 - 39 years
Furniture and equipment	3 - 10 years
Vehicles	3 years

Donated Property and Equipment

Donations of property and equipment are recorded as contributions at the estimated fair value at the date of the gift. The Organization reports gifts of property and equipment as contributions without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash and other assets that must be used to acquire long-lived assets are recorded as net assets with donor restrictions until such assets are acquired or placed in service.

Note 1 - Summary of Significant Accounting Policies (continued)

Donated Assets

Donated marketable securities are recorded as campaign contributions at their estimated fair value at the date of donation.

Donated materials and equipment are reflected as in-kind contributions at their estimated fair value at the date of donation. For the years ended June 30, 2020 and 2019, the Organization received in-kind materials, equipment, and rent in the amount of \$138,394 and \$69,163, respectively.

Donated Services

Donated services are recognized as in-kind contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. The Organization received \$20,445 and \$10,080 in donated advertising services during the years ended June 30, 2020 and 2019, respectively. Volunteers also provided a variety of tasks that assist the Organization with specific objectives throughout the fiscal year that are not recognized as contributions in the financial statements since the recognition criteria were not met. The Organization received approximately 17,870 and 8,520 volunteer hours during the years ended June 30, 2020 and 2019, respectively.

Grants Payable

Unconditional grants are charged to operations and recognized as liabilities when authorized by the Board of Directors, regardless of the year in which they are paid. Gifts that are subject to conditions are recorded when approved by the Board of Directors and the conditions are substantially met. As of June 30, 2020, the Organization has allocated grants payable to partner organizations in the amount of \$454,726 which are contingent upon future authorizations by the Board of Directors before the grant funding is released. There were no conditional grants payable as of June 30, 2019.

Revenue and Revenue Recognition

Contributions are recognized when cash, securities, other assets, or an unconditional promise to give is received. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return or right of release of the obligation - are not recognized until the conditions on which they depend have been met.

Certain campaign contributions made to the Organization are designated by the donors to be paid out to other agencies. These contributions are recognized as both campaign contributions and designations received and paid on the accompanying statements of activities. Designations received and paid are recorded net of collection fees earned. The balance of unpaid promises to give designated to agencies remains as a liability until the pledge is collected and paid out. The liability for unpaid designations to agencies is recorded as a reduction of promises to give in the statements of financial position.

Note 1 - Summary of Significant Accounting Policies (continued)

Advertising

The Organization uses advertising to promote various programs. Advertising costs are not expected to extend beyond the current period and are expensed as incurred. Advertising expense for the years ended June 30, 2020 and 2019, was \$31,580 and \$23,840, respectively.

Functional Allocation of Expenses

The cost of providing program and supporting services activities have been summarized on a functional basis in the statements of activities and functional expenses. Certain categories of expenses are attributable to programs and support. All expenses except for grants and contracts, homework dinners, advertising, bad debt, and interest are allocated on based on estimates of time and effort. Grants and contracts, homework dinners, and advertising are directly related to program services. Interest is directly related to supporting services. Bad debt is directly related to fundraising which is a supporting service.

Estimates

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

Reclassification

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

New Accounting Pronouncements

During the year ended June 30, 2020, the Organization adopted the requirements of the following standards set by the Financial Accounting Standards Board (FASB). The implementation of each of these standards did not materially impact the Organization's financial statements, except as noted below.

- Accounting Standards Update No. 2016-01, *Financial Instruments - Overall: Recognition and Measurement of Financial Assets and Financial Liabilities* (ASU 2016-01). ASU 2016-01 changes certain aspects of recognition, measurement, presentation, and disclosure of financial instruments.
- Accounting Standards Update No. 2016-18, *Restricted Cash* (ASU 2016-18). This ASU clarifies the classification and presentation of restricted cash and equivalents in the statements of cash flows. The ASU requires amounts generally described as restricted cash to be included with cash and equivalents when reconciling beginning and ending amounts on the statements of cash flows.

Note 1 - Summary of Significant Accounting Policies (continued)

New Accounting Pronouncements (continued)

- Accounting Standards Update No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (ASU 2018-08). This ASU clarifies and improves the guidance about the distinction between contributions and exchange transactions and determine whether a contribution is conditional.

Recently Issued Accounting Pronouncements

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*. This ASU replaces nearly all existing U.S. GAAP guidance on revenue recognition. In May 2020, the FASB voted to extend the effective date for nonpublic entities and nonprofit organizations to fiscal years ending after December 15, 2020, with early adoption permitted. The Organization is in the process of evaluating the effect this guidance will have on its financial statements and related disclosures.

In February 2016, the FASB issued ASU 2016-02, *Leases*. Under the new standard, lessees will recognize a right-of-use asset and lease liability for virtually all leases (other than leases that meet the definition of a short-term lease). The lease liability will be equal to the present value of lease payments. For income statement purposes, leases continue to be classified as either operating or finance. Operating leases will result in straight-line expense, while finance leases will result in an accelerated expense pattern, comparable to current capital leases. Classification will be based on criteria similar to those applied to current lease accounting. Additional disclosures will be required to provide details of revenue and expense recognized and expected to be recognized from existing agreements. The new standard will be effective beginning July 1, 2022. The Organization is currently evaluating the effect this ASU will have on its financial statements.

Note 2 - Net Assets

Net assets are described as follows:

<u>At June 30</u>	<u>2020</u>	<u>2019</u>
Net assets without donor restrictions:		
Undesignated	\$ 1,889,163	\$ 1,400,280
Investment in property and equipment	1,732,556	1,813,392
Board designated:		
Operating reserve	658,496	685,087
Building reserve	366,147	366,653
2-1-1 reserve	<u>178,762</u>	<u>179,161</u>
Total board designated	<u>1,203,405</u>	<u>1,230,901</u>
Net assets without donor restrictions	<u>4,825,124</u>	<u>4,444,573</u>

Note 2 - Net Assets (continued)

<u>At June 30</u>	<u>2020</u>	<u>2019</u>
Net assets with donor restrictions:		
Subject to expenditure for specified purpose or period:		
Advanced pledges	\$ 43,690	\$ 495,563
Campaign sponsorship	22,000	51,200
Grants	113,403	154,200
Targeted funds	82,806	129,473
Centennial campaign	<u>20,000</u>	<u> </u>
Total subject to expenditure for specified purpose or period	<u>281,899</u>	<u>830,436</u>
Not subject to spending policy or appropriation:		
Promises to give	129,976	312,030
Beneficial interest in endowment funds in perpetuity	<u>377,274</u>	<u>63,042</u>
Total not subject to spending policy or appropriation	<u>507,250</u>	<u>375,072</u>
 Net assets with donor restrictions	 <u>789,149</u>	 <u>1,205,508</u>
 Total net assets	 <u>\$ 5,614,273</u>	 <u>\$ 5,650,081</u>

Note 3 - Liquidity and Availability of Financial Assets

The Organization received significant contributions and promises to give restricted by donors and consider those program contributions, which are ongoing, major, and central to its operations, to be available to meet cash needs for general expenditures.

The Organization manages liquidity and reserves utilizing three guiding principles:

- Operating within a prudent range of financial soundness and stability,
- Maintaining adequate liquid assets to fund near-term operating needs, and
- Maintaining dedicated reserves to provide reasonable assurance that obligations are met.

Board designated operating reserves are available for appropriation by the Board. Although the Organization does not intend to spend from its board designated operating reserves, other than amounts appropriated for general expenditure as part of its annual budget process, amounts could be made available if necessary.

The Organization maintains a line of credit to meet short-term working capital needs with access to up to \$600,000 to meet general expenditure needs.

Note 3 - Liquidity and Availability of Financial Assets (continued)

The following reflects the liquidity and availability of the Organization's financial assets:

<u>At June 30</u>	<u>2020</u>	<u>2019</u>
Financial assets:		
Cash and equivalents	\$ 249,572	\$ 234,141
Grants receivable		25,000
Promises to give, net	1,075,294	1,890,470
Other receivables	64,525	37,635
Investments	1,215,105	1,293,943
Other investment	26,531	22,751
Beneficial interest in endowment funds	<u>2,316,259</u>	<u>2,042,515</u>
Total financial assets	<u>4,947,286</u>	<u>5,546,455</u>
Amounts not available for general expenditure:		
Board designated operating reserve	(658,496)	(685,087)
Board designated building reserve	(366,147)	(366,653)
Board designated 2-1-1 reserve	(178,762)	(179,161)
Total net assets with donor restrictions	(789,149)	(1,205,508)
Add back: grants receivable		25,000
Add back: unallocated promises to give, current portion	<u>102,790</u>	<u>799,093</u>
Total amounts not available for general expenditure	<u>(1,889,764)</u>	<u>(1,612,316)</u>
Net financial assets available to meet cash needs <u>for general expenditures within one year</u>	<u>\$ 3,057,522</u>	<u>\$ 3,934,139</u>

Note 4 - Promises to Give

Unconditional promises to give are described as follows:

<u>At June 30</u>	<u>2020</u>	<u>2019</u>
Due in less than one year	\$ 1,309,892	\$ 2,305,420
One to five years	<u>10,000</u>	<u>29,000</u>
Total unconditional promises to give	1,319,892	2,334,420
Less, designations to other agencies	(165,628)	(327,229)
Less, allowance for uncollectible promises to give	<u>(78,970)</u>	<u>(116,721)</u>
<u>Promises to give</u>	<u>\$ 1,075,294</u>	<u>\$ 1,890,470</u>

Note 5 - Other Receivables

Other receivables are described as follows:

<u>At June 30</u>	<u>2020</u>	<u>2019</u>
Sales tax	\$ 9,200	\$ 9,017
Employee receivables	246	2,451
Other	<u>55,079</u>	<u>26,167</u>
<u>Other receivables</u>	<u>\$ 64,525</u>	<u>\$ 37,635</u>

Note 6 - Beneficial Interest in Endowment Funds

The beneficial interest in endowment funds is managed by the Community Foundation of Western North Carolina, Inc. (Foundation). The fund agreement grants variance power to the Foundation. This power allows the Board of Directors of the Foundation to modify any condition or restriction on the use and distribution of funds if, in its sole judgement (without the approval of any trustee, custodian, guardian or agent), such condition or restriction becomes unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the area served by the Foundation. Under the terms of the agreements, the Organization can withdraw all or a portion of the original principal provided the governing board of the Organization approves the withdrawal except for a \$25,000 required minimum balance as stipulated in the terms of one of the fund agreements. The Organization's beneficial interest in endowment funds is invested in an allocated investment pool at the Foundation and is presented in the financial statements in the aggregate at fair value.

Note 7 - Fair Value Measurements

Investments, other investment, and beneficial interest in endowment funds are recorded in the accompanying financial statements at estimated fair value in accordance with the fair value hierarchy. The following is a description of the valuation methodologies used for assets measured at fair value:

Cash and Money Market Funds

Cash and money market funds are valued using observable market data and are categorized as Level 1 to the degree that they can be valued based on quoted market prices in active markets. Although these funds are readily available, it is the intent of the Organization to hold them for investment purposes and therefore have classified them as investments.

Equity Investments

Equity investments consist of daily traded exchange-traded funds and mutual funds. These investments are generally valued based on quoted market prices in active markets obtained from exchange or dealer markets for identical assets, and are accordingly categorized as Level 1, with no valuation adjustments applied.

Note 7 - Fair Value Measurements (continued)

Other Investment

Other investment consists of a segregated insurance collateral account that is valued at fair value as reported by the insurance captive provider. Due to the inputs being unobservable, the instrument is classified as Level 3.

Beneficial Interest in Endowment Funds

The fair value of the beneficial interest in endowment funds is provided by the Foundation. Due to the inputs being unobservable, the instrument is classified as Level 3.

The following tables sets forth estimated fair values of financial instruments:

<u>At June 30, 2020</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments:				
Cash and money market funds	\$ 26,445	\$	\$	\$ 26,445
Equity investments:				
Exchange-traded funds	1,100,864			1,100,864
Mutual funds	<u>87,796</u>			<u>87,796</u>
Total investments	1,215,105			1,215,105
Other investment			26,531	26,531
Beneficial interest in endowment funds			<u>2,316,259</u>	<u>2,316,259</u>
<u>Total fair value measurements</u>	<u>\$ 1,215,105</u>	<u>\$</u>	<u>\$ 2,342,790</u>	<u>\$ 3,557,895</u>

<u>At June 30, 2019</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments:				
Cash and money market funds	\$ 77,967	\$	\$	\$ 77,967
Equity investments:				
Exchange-traded funds	1,138,081			1,138,081
Mutual funds	<u>77,895</u>			<u>77,895</u>
Total investments	1,293,943			1,293,943
Other investment			22,751	22,751
Beneficial interest in endowment funds			<u>2,042,515</u>	<u>2,042,515</u>
<u>Total fair value measurements</u>	<u>\$ 1,293,943</u>	<u>\$</u>	<u>\$ 2,065,266</u>	<u>\$ 3,359,209</u>

Note 7 - Fair Value Measurements (continued)

A reconciliation of changes in Level 3 inputs is as follows:

<u>Year Ended June 30, 2020</u>	<u>Other Investment</u>	<u>Beneficial Interest in Endowment Funds</u>	<u>Total</u>
Level 3 inputs, beginning of year	\$ 22,751	\$ 2,042,515	\$ 2,065,266
Contributions		374,865	374,865
Distributions		(70,020)	(70,020)
Interest and dividends		22,626	22,626
Investment fees		(17,739)	(17,739)
Net gains (losses)	<u>3,780</u>	<u>(35,988)</u>	<u>(32,208)</u>
<u>Level 3 inputs, end of year</u>	<u>\$ 26,531</u>	<u>\$ 2,316,259</u>	<u>\$ 2,342,790</u>

<u>Year Ended June 30, 2019</u>	<u>Other Investment</u>	<u>Beneficial Interest in Endowment Funds</u>	<u>Total</u>
Level 3 inputs, beginning of year	\$	\$ 2,062,828	\$ 2,062,828
Purchases	15,331		15,331
Distributions		(64,400)	(64,400)
Interest and dividends		19,860	19,860
Investment fees		(16,919)	(16,919)
Net gains	<u>7,420</u>	<u>41,146</u>	<u>48,566</u>
<u>Level 3 inputs, end of year</u>	<u>\$ 22,751</u>	<u>\$ 2,042,515</u>	<u>\$ 2,065,266</u>

Note 8 - Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities are described as follows:

<u>At June 30</u>	<u>2020</u>	<u>2019</u>
Accounts payable	\$ 26,779	\$ 52,098
Accrued compensated absences	126,326	153,833
Accrued payroll	36,265	32,782
Accrued health insurance liabilities	<u>20,775</u>	<u>39,375</u>
<u>Accounts payable and accrued liabilities</u>	<u>\$ 210,145</u>	<u>\$ 278,088</u>

Note 9 - Property and Equipment

Property and equipment consists of the following:

<u>At June 30</u>	<u>2020</u>	<u>2019</u>
Land	\$ 100,420	\$ 100,420
Building and improvements	3,008,807	3,008,807
Furniture and equipment	433,217	427,185
Vehicles	<u>2,400</u>	<u>5,427</u>
	3,544,844	3,541,839
Less, accumulated depreciation	<u>1,812,288</u>	<u>1,728,447</u>
<u>Property and equipment</u>	<u>\$ 1,732,556</u>	<u>\$ 1,813,392</u>

Depreciation expense for the years ended June 30, 2020 and 2019, was \$86,867 and \$95,164, respectively.

Note 10 - Line of Credit

The Organization maintains an unsecured line of credit with maximum borrowings of \$600,000. The Organization has no significant compensating balance requirements or commitment fees related to this line. Interest is charged at the Prime Rate as published in the Wall Street Journal, plus 0.25%. At June 30, 2020 and 2019, the outstanding balance on the line of credit was \$0 and \$196,651, respectively. The line of credit matures in March 2021. The Organization was not in violation of any loan covenants associated with the line of credit for the years ended June 30, 2020 and 2019. Interest expense related to the line of credit was \$5,488 and \$16,632 for the years ended June 30, 2020 and 2019, respectively.

Note 11 - Long-term Debt

Long-term debt is described as follows:

<u>At June 30</u>	<u>2020</u>	<u>2019</u>
Paycheck Protection Program (PPP) loan payable in 18 monthly installments of \$23,524, including interest at 1%, payments begin as described below, due April 2022, unsecured	\$ 418,000	\$
Less, current maturities	<u>183,845</u>	<u> </u>
<u>Long-term debt, net of current maturities</u>	<u>\$ 234,155</u>	<u>\$</u>

If PPP funds are used for certain expenses, predominantly salaries and related costs, all or a portion of the balance could be forgiven. Repayments for PPP loans have been deferred until an application for forgiveness had been filed and the loan forgiveness amount known. There was no interest expense related to long-term debt for the years ended June 30, 2020 and 2019.

Note 11 - Long-term Debt (continued)

Principal repayments on long-term debt are as follows:

<u>Years Ending June 30</u>	<u>Principal Payments</u>
2021	\$ 183,845
2022	234,155
2023	
2024	
2025	
<u>Principal payments on long-term debt</u>	<u>\$ 418,000</u>

Note 12 - Building Rents

The Organization owns the Community Service Center building located at 50 South French Broad Avenue and leases office space to nonprofit agencies and other businesses. Lease agreements are generally for one year.

A summary of net building rents is as follows:

<u>At June 30</u>	<u>2020</u>	<u>2019</u>
Building rents	\$ 290,721	\$ 274,672
Rental expenses	173,639	168,828
Depreciation	34,747	38,066
Interest		469
Total expenses	<u>208,386</u>	<u>207,363</u>
<u>Building rents, net</u>	<u>\$ 82,335</u>	<u>\$ 67,309</u>

Future minimum rental payments to be received under all non-cancelable operating leases are \$50,601 for the year ending June 30, 2021.

Note 13 - In-kind Contributions

In-kind contributions are summarized as follows:

<u>Years Ended June 30</u>	<u>2020</u>	<u>2019</u>
School supplies	\$ 124,274	\$ 67,263
Advertising	20,445	10,080
COVID-19 related supplies	12,070	
Security system		7,967
Rent	<u>2,050</u>	<u>1,900</u>
<u>In-kind contributions</u>	<u>\$ 158,839</u>	<u>\$ 87,210</u>

Note 14 - Retirement Plan

The Organization participates in a 401(k) defined contribution retirement plan (the Plan). Employees are eligible for participation in the Plan after attaining age eighteen and completing one month of service. The Organization will make a matching contribution equal to fifty percent of the employees' elective deferral up to two percent of employee compensation. The Organization will also make nonelective contributions to the Plan for eligible plan participants equal to 4% of employee compensation. Employer matching and nonelective contributions become vested after one year of continuous service. Retirement benefit expenses under the Plan for the years ended June 30, 2020 and 2019, were \$90,975 and \$83,126, respectively.

Note 15 - Commitments and Contingencies

Lease Commitments

The Organization leases office equipment under an operating lease agreement. Total lease expense for the years ended June 30, 2020 and 2019, was \$4,008 and \$2,853, respectively. Future minimum lease payments are as follows:

<u>Years Ending June 30</u>	<u>Principal Payments</u>
2021	\$ 2,935
2022	2,936
2023	
2024	
2025	
<u>Total minimum lease payments</u>	<u>\$ 5,871</u>

Self-insured Health Insurance

The Organization offers health insurance to its full-time employees and began a self-insured health insurance program in October 2018. The insurance costs are paid by the Organization and are managed through a third-party administrator. The Organization has recorded a liability for health insurance claims incurred but not reported in the amount of \$20,775 and \$39,375 at June 30, 2020 and 2019, respectively. While management believes the accrual is adequate, actual claims may exceed accruals.

The Organization maintained a stop loss insurance policy that began in October 2018 and continued through December 2019 which limits claims to \$25,000 per plan member per benefit period. The minimum aggregate annual attachment point is \$160,902 for the year ended June 30, 2019. The maximum annual reimbursement under the aggregate stop loss coverage is \$1 million and the annual reimbursements under individual stop loss coverage is unlimited.

Effective January 2020 and continuing through December 2020, the insurance policy was changed to a level funded aggregate policy which determined the Organizations liability based on monthly aggregate attachment points that are determined by variable monthly factors and monthly enrollment as determined in the terms of the policy. There are no maximum annual reimbursement limits under the policy.

Note 15 - Commitments and Contingencies (continued)

Self-insured Health Insurance (continued)

The Organization maintains a captive collateral account with the insurance company that is recorded as an other investment on the accompanying statements of financial position in the amount of \$26,531 and \$22,751 at June 30, 2020 and 2019, respectively. Additionally, the Organization maintains a separate cash account to pay insurance claims that is reported as restricted cash on the accompanying statements of financial position. Cash restricted for insurance claims was \$10,672 and \$23,912 at June 30, 2020 and 2019, respectively.

Risk Management

The Organization is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and volunteers; and natural disasters. The Organization carries commercial insurance coverage for risks of loss. Claims have not exceeded coverage in any period since inception.

Note 16 - Concentrations of Credit Risk

The Organization maintains its cash balances at financial institutions that are insured by the Federal Deposit Insurance Corporation up to \$250,000. The uninsured cash balance at June 30, 2020, was \$26,442.

The Organization's investments, other investment, and beneficial interest in endowment funds are exposed to various risks such as interest rate, market, and credit. Due to the level of risk associated with these investments and the level of uncertainty related to changes in the fair value of investments, it is at least reasonably possible that changes in the various risk factors could occur in the near term and materially affect the Organization's financial position.

Note 17 - Income Taxes

Uncertain Tax Positions

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, except on net income derived from unrelated business activities. The Organization believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

Open Tax Years

The Organization's Return of Organization Exempt from Income Tax (Form 990) for the years ended June 30, 2019, 2018, and 2017, are subject to examination by the IRS, generally for three years after they were filed.

Note 18 - Related Party Transactions

During the years ended June 30, 2020 and 2019, the Organization received contributions of \$112,433 and \$113,924, respectively, from members of the Board of Directors.

During the years ended June 30, 2020 and 2019, the Organization paid dues in the amount of \$67,832 and \$59,474 to state and national affiliates. Accounts payable to the United Way of North Carolina totaled \$3,114 for the year ended June 30, 2020.

The Organization generates contract revenue from the United Way of North Carolina for operating the 2-1-1 call center. Contract revenue totaled \$185,170 and \$153,175 for the years ended June 30, 2020 and 2019, respectively. Accounts receivables totaled \$48,502 and \$14,779 as of June 30, 2020 and 2019, respectively.

Note 19 - Coronavirus Pandemic Impact

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic which continues to spread throughout the United States. COVID-19 has caused unprecedented business and economic disruption through mandated closings of certain businesses and industries.

The Organization was deemed an essential business and COVID-19 did not have a significant impact on the Organization's ability to operate during the year ended June 30, 2020.

The extent of the impact of COVID-19 will depend on certain developments, including the duration and spread of the outbreak. At this point, it is unclear the extent COVID-19 will have on the Organization's financial condition or results of operations.

Note 20 - Subsequent Events

Management has evaluated subsequent events through February 17, 2021, which is the date the financial statements were available to be issued.

The Organization's 401(k) defined contribution retirement plan was amended effective July 1, 2020. Eligibility for the plan changed to 18 years of age and 6 months of service with employee and employer contributions being immediately vested.

During October 2020, the Organization received notification of a federal reimbursement based grant for approximately \$450,000 for the community schools program.

In November 2020, the Board approved \$454,726 in grants to partner organizations.

In December 2020, the Organization received a grant award of \$500,000 from a local nonprofit for the community schools program.

In February 2021, the Organization received a second PPP loan for approximately \$418,000. If the loan is used for certain expenses, predominantly salaries and related costs, all or a portion of the balance could be forgiven. Repayment of the loan begins 10 months after receipt and must be repaid in 50 monthly installments.

SUPPLEMENTARY INFORMATION

UNITED WAY OF ASHEVILLE AND BUNCOMBE COUNTY, INC.

Schedule of Grants to Partner Organizations
Years Ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
All Souls Counseling Center	\$ 40,235	\$ 52,189
American Red Cross	12,576	17,000
Asheville City Schools Foundation		45,000
Big Brothers/Big Sisters of WNC	39,127	50,780
Bountiful Cities	7,668	10,756
CARING for Children	38,386	49,837
Children First/Communities in Schools	25,951	64,016
Council on Aging of Buncombe County	23,670	31,114
Eliada Homes	7,860	11,000
Girls on the Run	5,982	8,610
Green Opportunities	25,578	33,542
Haywood Street Congregation	11,272	15,341
Helpmate	55,489	71,597
Homeward Bound of Western North Carolina	66,463	85,559
Housing Authority of the City of Asheville	10,000	12,722
Irene Wortham Center	41,658	54,000
Just Economics of Western North Carolina	8,174	11,400
Literacy Council of Buncombe County	10,201	13,978
MANNA Food Bank	13,111	16,680
The Mediation Center	19,240	25,478
MemoryCare	8,250	11,496
Mountain Child Advocacy Center	25,426	33,349
Mountain Housing Opportunities	11,790	15,000
OnTrack Financial Education	51,224	66,171
Our VOICE	30,253	39,490
Pisgah Legal Services	86,123	110,571
Read to Succeed of Asheville	7,860	11,000
Verner Center for Early Learning	47,816	61,835
Western North Carolina AIDS Project	10,315	14,124
Western North Carolina Community Health Services	27,519	36,012
YMCA of Western North Carolina	30,609	39,943
YWCA of Asheville	<u>109,626</u>	<u>140,473</u>
 Total grants to partner organizations	 909,452	 1,260,063
 Grants conditioned on Board of Director authorization	 <u>(454,726)</u>	 <u> </u>
 Total unconditional grants to partner organizations	 <u>\$ 454,726</u>	 <u>\$ 1,260,063</u>

UNITED WAY OF ASHEVILLE AND BUNCOMBE COUNTY, INC.

Schedule of Building Expenses
Years Ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Salaries	\$ 59,058	\$ 56,274
Payroll taxes	4,595	3,788
Employee benefits	13,102	16,772
Supplies	23,895	14,562
Occupancy	49,761	57,723
Telephone and technology	4,566	1,175
Travel and conference	2,788	1,310
Professional fees	280	482
Insurance	6,535	6,700
Property taxes	8,951	9,235
Miscellaneous	108	807
Total building expenses before depreciation and interest	<u>173,639</u>	<u>168,828</u>
Depreciation	34,747	38,066
Interest	<u> </u>	<u>469</u>
Total	<u>\$ 208,386</u>	<u>\$ 207,363</u>