

BEAUFORT COUNTY UNITED WAY, INC.

Financial Statements

For the years ended March 31, 2019 & 2018

BEAUFORT COUNTY UNITED WAY, INC.
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For the Years Ended March 31, 2019 & 2018

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors
Beaufort County United Way
Washington, NC

We have reviewed the accompanying financial statements of Beaufort County United Way (a nonprofit organization), which comprise the statements of assets, liabilities, and net assets – modified cash basis as of March 31, 2019, and the related statements of support, revenues, and expenses - modified cash basis, the statements of functional expenses – modified cash basis and the statements of cash flows – modified cash basis for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of financial statements in the circumstances. Management is also responsible for 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.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with the modified cash basis of accounting. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with the modified cash basis of accounting.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared in accordance with the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our conclusion is not modified with respect to this matter.

Supplementary Information

The 2019 supplementary information included in the schedules of charities program services expense – modified cash basis is presented for purposes of additional analysis and is 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 supplementary information has been subjected to the review procedures applied in our review of the basic financial statements. We are not aware of any material modifications that should be made to the supplementary information. We have not audited the supplementary information and do not express an opinion on such information.

Report on 2018 Financial Statements and Supplementary Information

The 2018 financial statements were audited by other accountants, and they expressed an unmodified opinion on them in their report dated March 1, 2019. In addition, the 2019 supplementary information contained in the schedules of charities program services expense – modified cash basis was not subjected to the auditing procedures applied in the audit of the basic financial statements, and their report stated that they expressed no opinion on it. They have not performed any auditing procedures on either the financial statements or on the supplementary information since March 1, 2019.

Seiler, Singleton & Associates, P.A.
Washington, NC
August 15, 2019

FINANCIAL STATEMENTS

Beaufort County United Way, Inc.
STATEMENTS OF ASSETS, LIABILITIES AND NET ASSETS
MODIFIED CASH BASIS
As of March 31, 2019 and 2018

ASSETS		<u>2019</u>	<u>2018</u>
CURRENT ASSETS			
Cash	\$	278,873	\$ 319,856
Total Current Assets		<u>278,873</u>	<u>319,856</u>
FIXED ASSETS			
Office equipment		17,465	17,465
Building		95,216	95,216
Less Accumulated Depreciation		<u>(23,606)</u>	<u>(19,906)</u>
Net Fixed Assets		<u>89,075</u>	<u>92,775</u>
TOTAL ASSETS	\$	<u>367,948</u>	<u>\$ 412,631</u>

LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Payroll taxes accrued and withheld payable	\$	1,819	\$ 1,643
Other payables		<u>685</u>	<u>685</u>
Total Current Liabilities		<u>2,504</u>	<u>2,328</u>
Total Liabilities		<u>2,504</u>	<u>2,328</u>
NET ASSETS			
Without donor restrictions		<u>365,444</u>	<u>410,303</u>
Total Net Assets		<u>365,444</u>	<u>410,303</u>
TOTAL LIABILITIES AND NET ASSETS	\$	<u>367,948</u>	<u>\$ 412,631</u>

See accompanying notes and independent accountant's review report.

Beaufort County United Way, Inc.
STATEMENTS OF SUPPORT, REVENUE AND EXPENSES
MODIFIED CASH BASIS
For the Years Ended March 31, 2019 and 2018

	2019	2018
UNRESTRICTED NET ASSETS		
Revenue and other support		
Campaign income	\$ 219,033	\$ 295,191
Power of Purse	7,514	0
Office rental income	10,740	6,335
Interest income	2,861	104
Hurricane Florence Recovery	57,544	0
Point in Time Revenue	1,635	0
Charity tracker receipts	261	1,310
Total revenue and other support	299,588	302,940
Functional Expenses		
Program services	268,896	207,890
Management and general	40,049	40,985
Fundraising expenses	35,502	35,542
Total functional expenses	344,447	284,417
INCREASE(DECREASE) IN NET ASSETS	(44,859)	18,523
NET ASSETS		
Beginning of year	410,303	391,780
End of year	\$ 365,444	\$ 410,303

See accompanying notes and independent accountant's review report.

Beaufort County United Way, Inc.
STATEMENTS OF FUNCTIONAL EXPENSES
MODIFIED CASH BASIS
For the Years Ended March 31, 2019 & 2018

	For the Year Ended March 31, 2019			
	Program Services	Management and General	Fundraising	Totals
Charities	\$ 243,028	\$ 0	\$ 0	243,028
Campaign	0	0	1,380	1,380
Fundraising	0	0	7,432	7,432
Operations	3,042	3,041	1,521	7,604
Insurance	0	3,368	0	3,368
Computer	838	838	1,117	2,793
Contracted services	1,063	1,594	0	2,657
Payroll and related	16,295	16,295	21,727	54,317
Facilities	0	3,215	0	3,215
Maintenance	0	1,995	0	1,995
Licenses	0	1,623	0	1,623
Depreciation	1,110	1,110	1,480	3,700
Leases	0	2,017	0	2,017
Travel and meetings	804	804	402	2,010
Postage and printing	333	333	443	1,109
Miscellaneous	2,383	3,816	0	6,199
TOTAL FUNCTIONAL EXPENSES	\$ 268,896	\$ 40,049	\$ 35,502	\$ 344,447

	For the Year Ended March 31, 2018			
	Program Services	Management and General	Fundraising	Totals
Charities	\$ 183,575	\$ 0	\$ 0	183,575
Campaign	1,750	0	4,575	6,325
Operations	0	7,473	1,141	8,614
Insurance	0	0	3,438	3,438
Computer	0	2,785	0	2,785
Contracted services	2,550	2,550	3,170	8,270
Payroll and related	14,296	14,296	21,465	50,057
Facilities	1,191	1,191	0	2,382
Maintenance	0	2,387	0	2,387
Licenses	0	1,305	0	1,305
Depreciation	1,160	1,160	1,546	3,866
Leases	0	1,921	0	1,921
Travel and meetings	0	2,924	0	2,924
Postage and printing	154	155	207	516
Miscellaneous	\$ 3,213.83	2,838	0	6,052
TOTAL FUNCTIONAL EXPENSES	\$ 207,890	\$ 40,985	\$ 35,542	\$ 284,417

See accompanying notes and independent accountant's review report.

Beaufort County United Way, Inc.
STATEMENTS OF CASH FLOWS
For the Years Ended March 31, 2019 & 2018

	2019	2018
NET CASH FLOW FROM OPERATING ACTIVITIES		
Net increase (decrease) in net assets	\$ (44,859)	\$ 18,523
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities		
Depreciation expense	3,700	3,865
Increase (Decrease) in:		
Payroll taxes payable	176	208
Net Cash Provided By (Used In) Operating Activities	(40,983)	22,596
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(40,983)	22,596
CASH AND CASH EQUIVALENTS		
Beginning of period	319,856	297,260
End of period	\$ 278,873	\$ 319,856

See accompanying notes and independent accountant's review report.

BEAUFORT COUNTY UNITED WAY, INC.
NOTES TO FINANCIAL STATEMENTS
For the Years Ended March 31, 2019 & 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activity

Beaufort County United Way, Inc., (the Organization) was formed in 1961, under the name of the United Fund of Washington, Inc.

The Organization was formed to collect gifts, bequests, and donations for the maintenance and support of health, educational, welfare, and charitable institutions and agencies within Beaufort County, North Carolina. The Organization receives its revenues from donations by individuals, groups and from campaigns run at area businesses.

The Organization's activities have been funded by donations. Future funding is expected to be provided through additional fund-raising and area campaigns. There can be no assurance the this strategy will be successful.

Sources of Revenue

The Organization receives a majority of its revenue through campaign donations run through area business.

Method of Accounting

The financial statements have been prepared on the modified cash basis of accounting. Under this method, revenue is recognized when received rather than when earned, and expenses are recognized when paid rather than when the related obligation is incurred. Modifications to the cash basis of accounting result from management's decision to record property and equipment and related depreciation, notes payable, prepaid expenses and advances to employees in the accompanying statements of assets, liabilities and net assets - modified cash basis. In addition, certain in-kind donations are recorded in the accompanying statements of support, revenue, and expenses - modified cash basis.

Net assets, support and revenue, and expenses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions: Net assets available for use in general operations and not subject to donor restrictions. Grants and contributions gifted for recurring programs are generally not considered "restricted" under GAAP, though for internal reporting, the Council tracks such grants and contributions to verify that the disbursement matches the intent. Assets restricted solely through the actions of the Board are reported as net assets without donor restrictions, board-designated.

Net Assets With Donor Restrictions: Net assets subject to donor-imposed stipulations that are more restrictive than the Council's mission and purpose. 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. Donor-imposed restrictions are released when the 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. Other donor-imposed restrictions are perpetual in nature, when the donor stipulates that the resources be maintained in perpetuity.

BEAUFORT COUNTY UNITED WAY, INC.
NOTES TO FINANCIAL STATEMENTS
For the Years Ended March 31, 2019 & 2018

Revenue Recognition

All contributions are considered available for the Organization's general programs unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor are reported as temporarily or permanently restricted support and increase the respective class of net assets. Contributions received with temporary restrictions that are met in the same reporting period are reported as unrestricted support and increase unrestricted net assets. Investment income that is limited to specific uses by donor restrictions is reported as increases in unrestricted net assets if the restrictions are met in the same reporting period as the income is recognized.

Estimates

The preparation of financial statements on another comprehensive basis of accounting (modified cash-basis) requires management to make estimates and assumptions that affect certain amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

For financial statement purposes, the Organization considers cash on deposit, cash on hand, and certificates of deposits with original maturities less than one year, to be cash equivalents.

Property and Equipment

Property and equipment of the Organization are recorded at cost and depreciated over their estimated useful lives using straight-line basis. Maintenance and repairs are charged to operations when incurred. Betterments and renewals are capitalized.

Donations of property, equipment, and materials are recorded as support at their estimated fair market 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.

Compensated Absences

It is the policy of Beaufort County United Way, Inc. to allow full-time employees to accrue vacation at the rate of one week per year.

Contributed Services

Many individuals volunteer their time and perform a variety of tasks that assist the Organization with fund-raising, special projects and office duties. The volunteer hours have not been recorded in the statement of activities.

Income Taxes

The Organization received recognition and approval of tax-exempt status from the Internal Revenue Service, under Section 501(c)(3) of the Internal Revenue Code, in September 1971. Therefore, the Organization has made no provision for federal income taxes in the accompanying financial statements.

The Organization follows Financial Accounting Standards Board Accounting Standards Codification guidance clarifying the accounting for uncertainty in income taxes recognized in an entity's financial statements. This interpretation prescribes a minimum probability threshold is defined as a tax position that is more likely than not to be sustained upon examination by the applicable taxing authority, including resolution of any related appeals or

BEAUFORT COUNTY UNITED WAY, INC.
NOTES TO FINANCIAL STATEMENTS
For the Years Ended March 31, 2019 & 2018

litigation processes, based on the technical merits of the position. The tax benefit to be recognized is measured as the largest amount of benefit that is greater than fifty percent likely of being realized upon ultimate settlement. The Organization has no tax penalties or interest reported in the accompanying financial statements. The Organization's tax returns remain open for three years for federal and state income tax examinations.

Reclassifications

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

2. NEW ACCOUNTING PRONOUNCEMENT

On August 18, 2016, the FASB issued ASU 2016-14, *Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities*. Beaufort County Arts Council has adjusted the presentation of its financial statements accordingly. 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 changes have the following effect on beginning of year net assets:

<u>Net Asset Class</u>	<u>As Originally Presented</u>	<u>After Adoption of ASU 2016-14</u>
Unrestricted net assets	\$ 410,303	\$ —
Net assets without donor restrictions	<u>—</u>	<u>410,303</u>
Total net assets	<u>\$ 410,303</u>	<u>\$ 410,303</u>

3. LIQUIDITY AND AVAILABILITY

The Organization has \$278,873 of cash available within one year of the statement of financial position date to meet cash needs for general operating expenditures.

As part of the Committee's liquidity management plan, cash in excess of daily requirements is invested in money market accounts.

4. COST ALLOCATION

Certain categories of expenses are attributable to more than one program or supporting function and are allocated on a reasonable basis that is consistently applied.

BEAUFORT COUNTY UNITED WAY, INC.
NOTES TO FINANCIAL STATEMENTS
For the Years Ended March 31, 2019 & 2018

5. CONCENTRATIONS

The Organization receives a large portion of its income from campaigns run in Beaufort County, North Carolina. The Organization received 85% and 94% of its revenue for the fiscal year ended March 31, 2019 and 2018, respectively, from businesses in Beaufort County.

The Organization receives a large portion of its contributions from campaigns run through Nutrien. The Organization received 51% and 66% of its revenue for the fiscal year ended March 31, 2019 and 2018, respectively, from Nutrien.

6. SUBSEQUENT EVENTS

Management has evaluated subsequent events through August 15, 2019, the date which the financial statements were available to be issued.

Beaufort County United Way, Inc.
SCHEDULES OF CHARITIES PROGRAM SERVICES EXPENSE
MODIFIED CASH BASIS
For the Years Ended March 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
United Way NC - dues	\$ 741	\$ 2,559
Program service	1,000	0
Hurricane Florence Recovery	33,670	0
Point in Time Program expenses	1,491	0
Children's Home Society	0	255
Ronald McDonald House - Winston	0	21
BSA- Eastern CA Council	3,400	8,000
Relay for Life - Beaufort Co	0	43
GS - NC Coastal Pines	444	700
Pamlico Pals Inc	10,000	4,200
Am Red Cross - Great Pamlico Chapter	10,000	7,000
Arc of Beaufort Co	10,000	7,000
Salvation Army	25,000	25,000
Boys and Girls Club of B.C.	11,300	10,000
Non United Way Agencies	0	373
Eagle's Wings	15,800	15,000
Zion Shelter	4,600	2,100
Habitat for Humanity New Bern	125	300
Purpose of God Annex	1,916	7,000
Albemarle Food Bank	12,100	9,300
U Way - Coastal Carolina	39,476	34,132
U Way - Pitt County	5,696	4,977
Literacy Volunteers	7,500	5,000
B.Co Meals on Wheels	136	152
American Red Cross Coastal Carolina	178	3,517
Boys & Girls Coastal Carolina	0	5,000
Boys & Girls Pitt County	0	120
Salvation Army Coastal Carolina	599	1,271
The Arc of Craven County	0	178
Bread of Life Outreach	12,000	7,000
Religious Community service	222	0
Ronald McDonald House	0	45
UW Lenoir/Greene Co	96	96
Higher Heights	3,000	1,500
REAL Crisis intervention	3,000	4,000
Grace Martin Harwell Senior Center	2,000	3,000
UW Albemarle Area	776	0
Ruth's House	4,300	4,000
Angels N Camo	0	93
Canines for Service	150	50
Children's Home Society/NC	255	0
Inner Banks Stem Center	5,000	5,500
Coastal Pregnancy Center	510	93
Cornerstone Community Worship	51	0
Dilday Center Belhaven	266	0
Senior Club of Belhaven	473	0
Beaufort-hyde Partnership	425	0
Open Door Community Center	15,332	0
Police Activities League	0	5,000
TOTAL CHARITIES PROGRAM SERVICES	\$ 243,028	\$ 183,575

See independent accountant's review report.