

**BLACK RIVER UNITED WAY, INC.**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2017**

**BLACK RIVER UNITED WAY, INC.**

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# LOVE BAILEY

CERTIFIED PUBLIC ACCOUNTANTS

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Black River United Way, Inc.  
Georgetown, South Carolina

We have audited the accompanying financial statements of Black River United Way, Inc. (a nonprofit organization), which comprise the statement of assets, liabilities, and net assets—modified cash basis as of December 31, 2017, and the related statement of support, revenue, expenses and changes in net assets — modified cash basis and cash flows— modified cash basis for the year then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting as described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the 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.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and net assets of Black River United Way, Inc. as of December 31, 2017, and its support, revenue, and expenses for the year then ended in accordance with the cash basis of accounting as described in Note 1.

**Basis of Accounting**

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on 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 opinion is not modified with respect to this matter.

**Report on Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses on page 6 is presented for purposes of additional analysis and is not a required part 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.

*Love Bailey & Associates, LLC*

Love Bailey & Associates, LLC

Laurens, SC

February 15, 2018

**BLACK RIVER UNITED WAY, INC.**  
**STATEMENT OF ASSETS, LIABILITIES AND NET ASSETS - MODIFIED CASH BASIS**  
**DECEMBER 31, 2017**

<b>ASSETS</b>	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Total</b>
	<u>          </u>	<u>          </u>	<u>          </u>
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	\$ 51,446	\$ 98,074	\$ 149,520
Due to/due from	(26,953)	26,953	-
Total current assets	<u>24,493</u>	<u>125,027</u>	<u>149,520</u>
<b>NONCURRENT ASSETS</b>			
Property and equipment, net	<u>217,685</u>	<u>-</u>	<u>217,685</u>
Total assets	<u><u>\$ 242,178</u></u>	<u><u>\$ 125,027</u></u>	<u><u>\$ 367,205</u></u>
<b>LIABILITIES AND NET ASSETS</b>			
<b>CURRENT LIABILITIES</b>			
Mortgage note payable, current	<u>\$ 16,543</u>	<u>\$ -</u>	<u>\$ 16,543</u>
Total current liabilities	16,543	-	16,543
<b>LONG-TERM LIABILITIES</b>			
Mortgage note payable	<u>174,886</u>	<u>-</u>	<u>174,886</u>
Total liabilities	191,429	-	191,429
<b>NET ASSETS</b>			
Temporarily restricted	-	125,027	125,027
Unrestricted	<u>50,749</u>	<u>-</u>	<u>50,749</u>
Total net assets	<u>50,749</u>	<u>125,027</u>	<u>175,776</u>
Total liabilities and net assets	<u><u>\$ 242,178</u></u>	<u><u>\$ 125,027</u></u>	<u><u>\$ 367,205</u></u>

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

**BLACK RIVER UNITED WAY, INC.**  
**STATEMENT OF SUPPORT REVENUE, EXPENSES AND CHANGES IN NET ASSETS - MODIFIED CASH BASIS**  
**YEAR ENDED DECEMBER 31, 2017**

<b>SUPPORT AND REVENUE</b>	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Total</b>
Campaign contributions	\$ 333,798	\$ 14,079	\$ 347,877
Flood relief	-	209,937	209,937
Insurance proceeds	17,640	-	17,640
Grants	-	219,191	219,191
Rental income	19,800	-	19,800
Other revenue, gains and support	12,260	-	12,260
Net assets released from restrictions	530,131	(530,131)	-
Total revenues, gains and other support	<u>913,629</u>	<u>(86,924)</u>	<u>826,705</u>
<b>EXPENSES</b>			
Program services:			
Agency allocations	673,945	-	673,945
Grants	134,417	-	134,417
Total program services	<u>808,362</u>	<u>-</u>	<u>808,362</u>
Support services:			
Management and general	77,675	-	77,675
Fundraising	33,325	-	33,325
Total support services	<u>111,000</u>	<u>-</u>	<u>111,000</u>
Total expenses	<u>919,362</u>	<u>-</u>	<u>919,362</u>
Changes in net assets	(5,733)	(86,924)	(92,657)
<b>NET ASSETS</b>			
Beginning of year	<u>56,482</u>	<u>211,951</u>	<u>268,433</u>
End of year	<u>\$ 50,749</u>	<u>\$ 125,027</u>	<u>\$ 175,776</u>

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

**BLACK RIVER UNITED WAY, INC.**  
**STATEMENT OF CASH FLOWS - MODIFIED CASH BASIS**  
**YEAR ENDED DECEMBER 31, 2017**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Changes in net assets	\$ (92,657)
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities	
Depreciation	7,701
Net cash provided by operating activities	(84,956)

**CASH FLOWS FROM INVESTING ACTIVITIES**

Purchases of equipment	(29,670)
Net cash used in investing activities	(29,670)

**CASH FLOWS FROM FINANCING ACTIVITIES**

Repayment on debt principal	(17,487)
Net cash used in financing activities	(17,487)
Net decrease in cash	(132,113)

**CASH**

Beginning of year	281,633
End of year	\$ 149,520

**SUPPLEMENTAL CASH FLOW INFORMATION:**

Cash paid for interest	\$ 7,391
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The accompanying notes are an integral part of these financial statements.

**BLACK RIVER UNITED WAY, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES - MODIFIED CASH BASIS**  
**YEAR ENDED DECEMBER 31, 2017**

	Program Services			Support Services			Total
	Agency Allocations	Grants	Total	Management and General	Fundraising	Total	
Salaries and wages	\$ 218,788	\$ 55,874	\$ 274,662	\$ 46,925	\$ 19,672	\$ 66,597	\$ 341,259
Employee health and retirement benefits	1,180	1,277	2,457	1,250	590	1,840	4,297
Payroll taxes	12,895	7,274	20,169	3,590	1,505	5,095	25,264
<b>Total salaries and related expense</b>	<b>232,863</b>	<b>64,425</b>	<b>297,288</b>	<b>51,765</b>	<b>21,767</b>	<b>73,532</b>	<b>370,820</b>
Agency allocations	60,921	-	60,921	-	-	-	60,921
Grants	-	69,992	69,992	-	-	-	69,992
Flood relief	306,797	-	306,797	-	-	-	306,797
Professional fees	4,400	-	4,400	1,100	5,988	7,088	11,488
Insurance and licenses	10,808	-	10,808	2,702	-	2,702	13,510
Other dues and publications	14,036	-	14,036	3,509	-	3,509	17,545
Supplies	10,229	-	10,229	2,557	-	2,557	12,786
Marketing	-	-	-	-	5,570	5,570	5,570
Bank charges	-	-	-	102	-	102	102
Postage	542	-	542	135	-	135	677
Telephone	3,236	-	3,236	809	-	809	4,045
Training, meetings and travel	8,194	-	8,194	2,049	-	2,049	10,243
Utilities	3,045	-	3,045	761	-	761	3,806
Equipment (lease) maintenance	5,134	-	5,134	1,284	-	1,284	6,418
Building interest	-	-	-	7,391	-	7,391	7,391
Building and grounds maintenance	4,814	-	4,814	1,203	-	1,203	6,017
Other	2,765	-	2,765	768	-	768	3,533
<b>Total expenses before depreciation</b>	<b>434,921</b>	<b>69,992</b>	<b>504,913</b>	<b>24,370</b>	<b>11,558</b>	<b>35,928</b>	<b>540,841</b>
Depreciation expense	6,161	-	6,161	1,540	-	1,540	7,701
<b>Total expenses</b>	<b>\$ 673,945</b>	<b>\$ 134,417</b>	<b>\$ 808,362</b>	<b>\$ 77,675</b>	<b>\$ 33,325</b>	<b>\$ 111,000</b>	<b>\$ 919,362</b>

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



**BLACK RIVER UNITED WAY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Activities**

Black River United Way, Inc. (the "Organization") was incorporated under the laws of the State of South Carolina on April 28, 1970, under the name Georgetown County United Way, Inc. In 2014 Georgetown County United Way, Inc. changed its name to Black River United Way, Inc. The purpose of Black River United Way, Inc. is to improve the community's capacity to care for one another and to solicit contributions for assisting in that effort in the Georgetown and Williamsburg counties.

**Basis of Accounting and Presentation**

The Organization prepares its financial statements on the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under that basis, certain revenues and the related assets are recognized when received rather than when earned and certain expenses are recognized when paid rather than when the obligations are incurred.

The Organization has adopted the Financial Accounting Standards Board ASC 958-205 *Not-For-Profit Presentation of Financial Statements*. In accordance with FASB ASC 958-205, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

**Estimates**

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

**Cash and Cash Equivalents**

The Organization considers all highly liquid investments with a maturity of one year or less to be cash equivalents.

**Concentrations of Credit Risk**

The Federal Deposit Insurance Corporation (FDIC) currently insures up to \$250,000 of substantially all depository accounts held at each financial institution. At various times during the year, the Organization's cash deposits may exceed the federally insured limits. At December 31, 2017, the organization did not have any deposits which were uninsured. The Organization has not experienced any losses in such accounts and management believes it is not exposed to any significant credit risk on its cash and cash equivalents.

(Continued)

**BLACK RIVER UNITED WAY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

**Property and Equipment**

Property and equipment are recorded at cost. Expenditures for maintenance, repairs and minor renewals are recorded and expensed as incurred. Expenditures for major renewals and betterments are capitalized and depreciated over their estimated useful lives. Depreciation is calculated using the straight-line method over the following estimated useful lives: furniture and fixtures – 3 to 5 years and buildings – 40 years. When property and equipment are sold or otherwise disposed of, the asset and related accumulated depreciation are removed from the accounts and any remaining gain or loss is included in operations.

**Fair Value of Financial Instruments**

The carrying values of cash and cash equivalents, promises to give, prepaid expenses, and agency designations payable approximate fair value because of the terms and relative short maturity.

**Net Assets**

The Organization reports that part of its net assets that is neither temporarily nor permanently restricted by donor-imposed stipulations as unrestricted net assets.

**Temporarily Restricted Net Assets**

Temporarily restricted net assets consist of amounts that are subject to donor restrictions. The Organization is permitted to use or expend the donated assets in accordance with the donor restriction.

The Organization reports gifts of cash and other assets as 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, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

**Functional Expenses**

The costs of providing the various programs, fund-raising and other activities have been summarized on a functional basis in the statement of functional expenses. Expenses by function have been allocated among program and supporting services classifications on the basis of personnel time and effort studies and on estimates made by the Organization's management.

Management reviewed its allocations for the year ended December 31, 2017 specifically identified allocations for certain salaries and benefits to be allocated to agency allocation and grants.

(Continued)

**BLACK RIVER UNITED WAY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

**Donated Assets and Services**

Donated assets are recorded at fair value at the date of donation. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of assets are recorded as unrestricted support.

A substantial number of volunteers have donated significant amounts of time to the Organization's program services and fundraising campaigns. No amounts have been recognized in the statement of activities because these activities do not meet the criteria of donated services required to be recognized, as defined by FASB ASC 958-605-25-16.

**Income taxes**

The Organization is exempt from federal and state income taxes for general purpose operations under Section 501(c)(3) of the Internal Revenue Code, which South Carolina adopted by reference in the South Carolina Tax Federal Conforming Amendments.

Financial Accounting Standards Board (FASB) ASC 740-10 prescribes a comprehensive model for how an organization should measure, recognize, present, and disclose in its financial statements uncertain tax positions that the Organization has taken or expects to take on a tax return. In accordance with FASB ASC 740-10, the Organization recognizes the tax benefits from uncertain tax positions only if it is more-likely-than-not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The Organization's income tax filings are subject to audit by various taxing authorities. Management believes that adoption of ASC 740-10 resulted in no significant impact to the Organization's financial statements.

**NOTE 2 – FAIR VALUE**

Information about the fair value of financial instruments for which it is practical to estimate that value, whether or not recognized in the statement of assets, liabilities and net assets – modified cash basis, is required to be disclosed. Fair value is determined using various methods and assumptions.

The following methods and assumptions were used to estimate the fair value for the classification within the financial statements:

*Cash and cash equivalents and promises to give* – fair value approximates the carrying value due to the short maturity of these financial instruments.

*Mortgage note payable* – fair value approximates the carrying value due to the short maturity of these financial instruments.

(Continued)

**BLACK RIVER UNITED WAY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017**

**NOTE 2 – FAIR VALUE, Continued**

When quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. In that regard, the derived fair value estimates cannot be substantiated by comparison to independent markets and, in many cases could not be realized in immediate settlement of the instrument.

The following levels of input for measurement of fair value have been defined to assist the user in evaluating the fair value disclosure information:

Level 1	Quoted prices in an active market for identical assets or liabilities.
Level 2	Other quoted prices in active markets for similar assets or liabilities, quoted prices for identical assets or liabilities in markets that are not active for transactions or availability of information, other observable sources of information, and information derived principally from or corroborated from observable sources of information.
Level 3	Unobservable sources of information, primarily management’s assumptions about potential market participants.

The estimated fair values of the Organization’s financial instruments are as follows and are included in the statement of assets, liabilities and net assets – modified cash basis under similar descriptions:

	<u>Level</u>	<u>Value</u>	<u>Value</u>
Financial assets			
Cash and cash equivalents	1	\$ 149,520	\$ 149,520
Financial liabilities			
Mortgage note payable	2	\$ 191,429	\$ 191,429

Certain instruments including all nonfinancial instruments are excluded from the fair value disclosure requirements. Accordingly, the aggregate fair value amounts presented do not necessarily represent the value of the Organization.

**BLACK RIVER UNITED WAY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017**

**NOTE 3 – PROPERTY AND EQUIPMENT**

Property and equipment at December 31, 2017 consisted of the following:

Land	\$ 30,145
Buildings and improvements	313,914
Furniture and fixtures	1,470
Equipment	<u>21,195</u>
 Total	 366,724
Less: accumulated depreciation	<u>(149,039)</u>
 Property and equipment, net	 <u>\$ 217,685</u>

Depreciation expense for the year ended December 31, 2017 was \$7,701.

**NOTE 4 – MORTGAGE NOTE PAYABLE**

On October 11, 2016, the Organization refinanced its existing mortgage on its building to a seven year mortgage note with a local financial institution. This note carries a fixed interest rate of 3.49% and is payable in monthly installments of \$1,808 for 83 months and a balloon payment of \$101,076 on November 5, 2023. At December 31, 2017, the balance on the loan was \$191,429.

Mortgage note	<u>\$ 191,429</u>
Less current portion	<u>16,543</u>
Long-term portion	<u>\$ 174,886</u>

Scheduled maturities of the long-term portion of the note payable at December 31, 2017 are as follows:

Year ending December 31:

2019	\$ 17,129
2020	17,737
2021	18,366
2022	19,017
2023	19,519
Thereafter	<u>83,118</u>
	<u>\$ 174,886</u>

Interest expenses for the year ended December 31, 2017 was \$7,391.

**BLACK RIVER UNITED WAY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017**

**NOTE 5 – CHANGES IN TEMPORARILY RESTRICTED NET ASSETS**

Changes in temporarily restricted net assets are as follows:

Temporarily restricted, December 31, 2016	\$	211,951
Support		443,208
Released from restrictions		<u>(530,131)</u>
Temporarily restricted, December 31, 2017	\$	<u>125,027</u>

The following amounts remain as temporarily restricted net assets at December 31, 2017:

Program restricted:		
Vista fund	\$	12,401
Flood relief		89,487
Grants		9,060
Designated allocations		<u>14,079</u>
Temporarily restricted, December 31, 2017	\$	<u>125,027</u>

**NOTE 6 – OPERATING LEASES**

The Organization maintains operating leases for certain office equipment. The operating leases are for a period not to exceed 60 months from the beginning of the contract. Rental expense under these leases totaled \$3,084 for the year ended December 31, 2017.

Future minimum lease commitments as of December 31, 2017 are:

2018	\$	3,084
2019		1,908
2020		1,908
2021		<u>477</u>
	\$	<u>7,377</u>

**NOTE 7 – EMPLOYEE RETIREMENT PLAN**

Black River United Way, Inc. provides a tax-deferred annuity retirement plan, qualified under Section 403(b) of the Internal Revenue Code, which covers all full-time permanent employees to the plan. The Organization matches up to 3% of gross annual salaries for qualified employees to the plan. Retirement costs for the year ended December 31, 2017 totaled \$4,297.

**BLACK RIVER UNITED WAY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017**

**NOTE 8 – SUBSEQUENT EVENTS**

Subsequent events were evaluated through February 15, 2018, which is the date the financial statements were available for issue. Events occurring after that date have not been evaluated to determine whether a change in the financial statements would be required.