

**BLACK RIVER UNITED WAY, INC.**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2018**

**BLACK RIVER UNITED WAY, INC.**

<b>TABLE OF CONTENTS</b>	<b>Page No.</b>
<b>INDEPENDENT AUDITOR'S REPORT</b>	<b>1</b>
<b>FINANCIAL STATEMENTS</b>	
Statement of Financial Position	2
Statement of Activities	3
Statement of Functional Expenses	4
Statement of Cash Flows	5
<b>NOTES TO FINANCIAL STATEMENTS</b>	<b>6 - 12</b>

# 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 financial position as of December 31, 2018, and the related statement of activities and changes in net assets and cash flows for the year then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

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

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Black River United Way, Inc. as of December 31, 2018, and its changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United State of America.

### Other Matters

Also discussed in Note 9 to the financials, the Organization recorded a prior period adjustment to the net assets without donor restrictions due to the change from the modified cash basis of accounting to the accrual basis of accounting.

  
Love Bailey & Associates, LLC  
Laurens, SC  
May 3, 2019

**BLACK RIVER UNITED WAY, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2018**

<b>ASSETS</b>	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	\$ 98,041	\$ 5,585	\$ 103,626
Accounts receivable	17,453	-	17,453
Insurance funds receivable	40,397		40,397
Pledges receivable	25,804		25,804
Due to/from	(9,768)	9,768	-
Total current assets	<u>171,927</u>	<u>15,353</u>	<u>187,280</u>
<b>NONCURRENT ASSETS</b>			
Property and equipment, net	<u>212,660</u>	<u>-</u>	<u>212,660</u>
Total assets	<u>\$ 384,587</u>	<u>\$ 15,353</u>	<u>\$ 399,940</u>
<b>LIABILITIES AND NET ASSETS</b>			
<b>CURRENT LIABILITIES</b>			
Accounts payable	\$ 16,079	\$ -	\$ 16,079
Accrued payroll	7,827	-	7,827
Deferred revenue	27,974	-	27,974
Mortgage note payable, current	<u>15,730</u>	<u>-</u>	<u>15,730</u>
Total current liabilities	67,610	-	67,610
<b>LONG-TERM LIABILITIES</b>			
Mortgage note payable	<u>162,262</u>	<u>-</u>	<u>162,262</u>
Total liabilities	229,872	-	229,872
<b>NET ASSETS</b>			
With donor restrictions	-	15,353	15,353
Without donor restrictions	<u>154,715</u>	<u>-</u>	<u>154,715</u>
Total net assets	<u>154,715</u>	<u>15,353</u>	<u>170,068</u>
Total liabilities and net assets	<u>\$ 384,587</u>	<u>\$ 15,353</u>	<u>\$ 399,940</u>

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

**BLACK RIVER UNITED WAY, INC.**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED DECEMBER 31, 2018**

<b>SUPPORT AND REVENUE</b>	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Campaign contributions	\$ 282,357		\$ 282,357
Flood relief	-	260,920	260,920
Insurance proceeds	40,397	-	40,397
Grants	252,163	-	252,163
Rental income	19,800	-	19,800
Other revenue, gains and support	3,720	-	3,720
Net assets released from restrictions	<u>370,594</u>	<u>(370,594)</u>	<u>-</u>
Total revenues, gains and other support	<u>969,031</u>	<u>(109,674)</u>	<u>859,357</u>
 <b>EXPENSES</b>			
Program services:			
Agency allocations	756,123	-	756,123
Grants	<u>57,634</u>	<u>-</u>	<u>57,634</u>
Total program services	<u>813,757</u>	<u>-</u>	<u>813,757</u>
Support services:			
Management and general	51,968	-	51,968
Fundraising	<u>30,884</u>	<u>-</u>	<u>30,884</u>
Total support services	<u>82,852</u>	<u>-</u>	<u>82,852</u>
Total expenses	<u>896,609</u>	<u>-</u>	<u>896,609</u>
Changes in net assets	72,422	(109,674)	(37,252)
 <b>NET ASSETS</b>			
Beginning of year	50,749	125,027	175,776
Prior period adjustment (Note 9)	31,544	-	31,544
Beginning of year, as restated	<u>82,293</u>	<u>125,027</u>	<u>207,320</u>
End of year	<u>\$ 154,715</u>	<u>\$ 15,353</u>	<u>\$ 170,068</u>

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

**BLACK RIVER UNITED WAY, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2018**

	<u>Program Services</u>			<u>Support Services</u>			<u>Total</u>
	<u>Agency Allocations</u>	<u>Grants</u>	<u>Total</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>	
Salaries and wages	\$ 244,162	\$ 34,818	\$ 278,980	\$ 28,214	\$ 22,109	\$ 50,323	\$ 329,303
Employee health and retirement benefits	267	-	267	134	134	268	535
Payroll taxes	14,555	2,513	17,068	2,064	1,597	3,661	20,729
Total salaries and related expense	258,984	37,331	296,315	30,412	23,840	54,252	350,567
Agency allocations	66,358	-	66,358	-	-	-	66,358
Grants	-	20,303	20,303	-	-	-	20,303
Flood relief	370,318	-	370,318	-	-	-	370,318
Professional fees	9,782	-	9,782	2,446	1,833	4,279	14,061
Insurance and licenses	11,230	-	11,230	2,808	-	2,808	14,038
Other dues and publications	9,235	-	9,235	2,309	-	2,309	11,544
Supplies	5,615	-	5,615	1,404	-	1,404	7,019
Marketing	-	-	-	-	5,211	5,211	5,211
Postage	405	-	405	101	-	101	506
Telephone	2,777	-	2,777	694	-	694	3,471
Training, meetings and travel	2,668	-	2,668	667	-	667	3,335
Utilities	3,338	-	3,338	835	-	835	4,173
Equipment (lease) maintenance	9,150	-	9,150	2,288	-	2,288	11,438
Building interest	-	-	-	6,438	-	6,438	6,438
Total expenses before depreciation	490,876	20,303	511,179	19,990	7,044	27,034	538,213
Depreciation expense	6,263	-	6,263	1,566	-	1,566	7,829
Total expenses	<u>\$ 756,123</u>	<u>\$ 57,634</u>	<u>\$ 813,757</u>	<u>\$ 51,968</u>	<u>\$ 30,884</u>	<u>\$ 82,852</u>	<u>\$ 896,609</u>

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

**BLACK RIVER UNITED WAY, INC.**  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED DECEMBER 31, 2018**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Changes in net assets	\$ (37,252)
Adjustments to reconcile changes in net assets to net cash used in operating activities	
Depreciation	7,829
Loss on disposal of asset	(2,804)
(Increase) decrease in:	
Promises to give	13,282
Accounts receivable	(15,364)
Increase (Decrease) in:	
Accounts payable	(17,659)
Accrued payroll and related liabilities	(8,463)
Deferred revenue	27,974
Net cash used in operating activities	<u>(32,457)</u>

**CASH FLOWS FROM FINANCING ACTIVITIES**

Repayment on debt principal	<u>(13,437)</u>
Net cash used in financing activities	<u>(13,437)</u>
Net decrease in cash	(45,894)

**CASH**

Beginning of year	<u>149,520</u>
End of year	<u>\$ 103,626</u>

**SUPPLEMENTAL CASH FLOW INFORMATION:**

Cash paid for interest	<u>\$ 6,438</u>
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The accompanying notes are an integral part of these financial statements.

**BLACK RIVER UNITED WAY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018**

**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 financial statements of the Organization have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America. The financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 dated August 2016, and the provisions of the American Institute of Certified Public Accountants (AICPA) "Audit and Accounting Guide for Not-for-Profit Organizations" (the "Guide"). (ASC) 958-205 was effective January 1, 2018.

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

*Net assets without donor restrictions:* Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. The Organization's board may designate assets without restrictions for specific operational purposes from time to time.

*Net assets with donor restrictions:* Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Non-Profit Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

**New Accounting Pronouncement**

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

**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.

(Continued)



**BLACK RIVER UNITED WAY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018**

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

**Cash and Cash Equivalents**

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

**Accounts receivable**

Accounts receivable represents payment from United Way Association of South Carolina that was a reimbursement from expenditures of the AmeriCorps grant in 2018.

Insurance funds receivable represents an insurance funds due from damage to the building in 2018 that was collected in fiscal year 2019.

**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, 2018, 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.

**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.

**Promises to Give**

A contribution is deemed to have been earned when the cash or other assets including securities, land, building, use of facilities, materials and supplies, intangible assets, services or unconditional promises to give such items in the future is received. An unconditional promise to give is a promise which is not dependent on the occurrence of a specified future event to bind the promisor.

Contributions received and unconditional promises to give are measured at their fair values and are reported as increases to net assets. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. 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, or if they are designated as support for future periods. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support.

(Continued)

**BLACK RIVER UNITED WAY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018**

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

**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.

**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, 2018 specifically identified allocations for certain salaries and benefits to be allocated to agency allocation and grants.

**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.

**BLACK RIVER UNITED WAY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018**

**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.

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:

	Level	Value	Value
Financial assets			
Cash and cash equivalents	1	\$ 103,626	\$ 103,626
Financial liabilities			
Mortgage note payable	2	\$ 177,992	\$ 177,992

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, 2018**

**NOTE 3 – PROPERTY AND EQUIPMENT**

Property and equipment at December 31, 2018 consisted of the following:

Land	\$ 30,145
Buildings and improvements	313,914
Equipment	<u>12,325</u>
 Total	 356,384
Less: accumulated depreciation	<u>(143,724)</u>
 Property and equipment, net	 <u>\$ 212,660</u>

Depreciation expense for the year ended December 31, 2018 was \$7,829.

**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, 2018, the balance on the loan was \$177,992.

Mortgage note	<u>\$ 177,992</u>
Less current portion	<u>15,730</u>
Long-term portion	<u>\$ 162,262</u>

Scheduled maturities of the long-term portion of the note payable at December 31, 2018 are as follows:

Year ending December 31:

2020	\$ 16,288
2021	16,865
2022	17,463
2023	17,925
2024	18,401
Thereafter	<u>75,320</u>
	<u>\$ 162,262</u>

Interest expenses for the year ended December 31, 2018 was \$6,438.

**BLACK RIVER UNITED WAY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018**

**NOTE 5 – CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS**

Changes in net assets with donor restrictions are as follows:

Temporarily restricted, December 31, 2017	\$	125,027
Support		257,920
Released from restrictions		<u>(367,594)</u>
 Net assets with donor restrictions, December 31, 2018	 \$	 <u>15,353</u>

The following amounts remain as net assets with donor restrictions at December 31, 2018:

Program restricted:		
Vista fund	\$	4,607
Flood relief		347
Grants		<u>10,399</u>
 Net assets with donor restrictions, December 31, 2018	 \$	 <u>15,353</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 \$1,971 for the year ended December 31, 2018.

Future minimum lease commitments as of December 31, 2018 are:

2019	\$	2,568
2020		1,908
2021		1,908
2022		1,908
2023		<u>1,113</u>
	\$	<u>9,405</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, 2018 totaled \$535.

**BLACK RIVER UNITED WAY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018**

**NOTE 8 – LIQUIDITY**

The Organization’s financial assets available within one year of the balance sheet date for general expenditure are as follows:

Operating account	\$	98,041
Accounts receivable		17,453
Insurance funds receivable		40,397
Pledges receivable		<u>31,151</u>
	\$	<u>181,695</u>

**NOTE 9 – PRIOR PERIOD ADJUSTMENT**

The Organization has recorded a prior period adjustment to the financial statements to adjust net assets without donor restrictions due to the Organization changing the basis of accounting from modified cash basis to accrual basis.

A prior period adjustment of \$31,544 was recorded on January 1, 2017 to unrestricted net assets.

**NOTE 10 – SUBSEQUENT EVENTS**

Subsequent events were evaluated through May 3, 2019, 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.