

UNITED WAY OF ETOWAH COUNTY, INC.
FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016
with
Independent Auditor's Report

JAMES D. PARR, CPA, P.C.
Certified Public Accountant

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JAMES D. PARR, CPA, P.C.

CERTIFIED PUBLIC ACCOUNTANT

611 SOUTH 4TH STREET

P.O. BOX 1847

GADSDEN, ALABAMA 35902

OFFICE (256) 549-0506

MOBILE (256) 312-7271

FACSIMILE (256) 546-4424

EMAIL jim@jdparrcpa.com

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors

United Way of Etowah County

I have audited the accompanying financial statements of The United Way of Etowah County, Inc. (a nonprofit corporation), which comprise the statement of financial position as of December 31, 2017 and 2016, 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 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

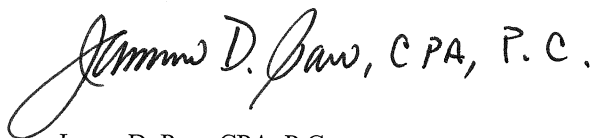
My responsibility is to express an opinion on these financial statements based on my audits. I conducted my audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether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

An audit involves performing procedures to obtain 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, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the United Way of Etowah County, Inc. as of December 31, 2017 and 2016 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.



James D. Parr, CPA, P.C.

December 12, 2018

UNITED WAY OF ETOWAH COUNTY, INC.
 STATEMENTS OF FINANCIAL POSITION
 DECEMBER 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
ASSETS		
CURRENT ASSETS		
Cash	\$ 346,958	\$ 261,594
Bank certificates of deposit	100,000	100,000
Marketable securities	973,967	901,541
Pledges receivable - net of allowance for uncollectible pledges of \$245,233 (\$224,920 in 2016)	1,034,852	1,160,585
Other receivables	<u>252</u>	<u>21,904</u>
TOTAL CURRENT ASSETS	2,456,029	2,445,624
PROPERTY AND EQUIPMENT		
Automobile	29,802	29,802
Office furniture and equipment	174,286	160,723
Land and building	411,702	294,689
Less accumulated depreciation	<u>(192,376)</u>	<u>(247,105)</u>
EQUIPMENT - NET	<u>423,414</u>	<u>238,109</u>
TOTAL ASSETS	<u>\$ 2,879,443</u>	<u>\$ 2,683,733</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Due agencies and grant recipients	\$ 786,548	\$ 799,250
Note payable	<u>300,000</u>	<u>-</u>
TOTAL CURRENT LIABILITIES	1,086,548	799,250
NET ASSETS		
Unrestricted	688,985	636,255
Temporarily restricted	<u>1,103,910</u>	<u>1,248,228</u>
TOTAL NET ASSETS	<u>1,792,895</u>	<u>1,884,483</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,879,443</u>	<u>\$ 2,683,733</u>

See accompanying notes.

UNITED WAY OF ETOWAH COUNTY, INC.
 STATEMENTS OF ACTIVITIES
 YEARS ENDED DECEMBER 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
UNRESTRICTED NET ASSETS		
PUBLIC SUPPORT AND REVENUE		
Contributions received in current period (net of allowance for uncollectible pledges)	\$ 186,823	\$ 227,944
Special events - net of expenses of \$36,788 (\$33,343 in 2016)	55,935	58,819
Investment income	<u>130,439</u>	<u>37,879</u>
TOTAL UNRESTRICTED SUPPORT AND REVENUE	373,197	324,642
NET ASSETS RELEASED FROM RESTRICTIONS		
Contributions received in prior periods	<u>1,248,228</u>	<u>1,196,924</u>
TOTAL UNRESTRICTED SUPPORT	1,621,425	1,521,566
EXPENSES AND LOSSES		
Allocations to agencies and grants	803,858	830,172
Donor designations	7,479	6,321
United Way of America	15,198	15,264
Information and referral	161,529	142,496
Children's initiative	204,524	209,171
Disaster relief	9,635	36,409
Community building	50,927	49,083
Fund raising	183,050	169,701
Management and general	<u>100,394</u>	<u>94,211</u>
TOTAL EXPENSES	1,536,594	1,552,828
Loss on sale of building	<u>32,101</u>	<u>-</u>
TOTAL EXPENSES AND LOSSES	1,568,695	1,552,828
INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS	52,730	(31,262)
TEMPORARILY RESTRICTED NET ASSETS		
Campaign contributions received for next allocation (net of allowance for uncollectible pledges)	1,103,910	1,248,228
Contributions received in prior periods released from restrictions	<u>(1,248,228)</u>	<u>(1,196,924)</u>
INCREASE (DECREASE) IN TEMPORARILY RESTRICTED NET ASSETS	(144,318)	51,304
NET ASSETS AT BEGINNING OF YEAR	<u>1,884,483</u>	<u>1,864,441</u>
NET ASSETS AT END OF YEAR	<u>\$ 1,792,895</u>	<u>\$ 1,884,483</u>

See accompanying notes.

UNITED WAY OF ETOWAH COUNTY, INC.
 STATEMENTS OF CASH FLOWS
 YEARS ENDED DECEMBER 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (91,588)	\$ 20,042
Adjustments to reconcile changes in net assets to net cash used by operating activities		
Depreciation	12,935	13,873
Realized and unrealized loss (gain) on sale of marketable securities	(104,971)	(16,885)
Loss on sale of building	32,101	-
Changes in certain operating assets and liabilities		
Pledges receivable	125,733	(28,633)
Other receivables	21,651	(1,464)
Accounts payable and accrued expenses	-	(1,687)
Due agencies	(12,702)	12,473
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(16,841)	(2,281)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of building and equipment	(425,265)	(1,813)
Proceeds from sale of building	194,925	-
Sales of marketable securities	690,639	1,545,973
Purchase of marketable securities	(658,094)	(1,624,051)
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	(197,795)	(79,891)
CASH FLOWS FROM FINANCING ACTIVITIES		
New borrowings - short term	300,000	-
NET INCREASE (DECREASE) IN CASH	85,364	(82,172)
CASH AT BEGINNING OF YEAR	261,594	343,766
CASH AT END OF YEAR	<u>\$ 346,958</u>	<u>\$ 261,594</u>

See accompanying notes.

UNITED WAY OF ETOWAH COUNTY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2017

With comparative totals for the year ended December 31, 2016

	FUND RAISING	MANAGEMENT AND GENERAL	INFORMATION AND REFERRAL	CHILDRENS INITIATIVE	DISASTER RELIEF	COMMUNITY BUILDING	2017 TOTAL	2016 TOTAL
Salaries	\$ 63,568	\$ 38,955	\$ 101,642	\$ 72,546	\$ 7,838	\$ 34,777	\$ 319,326	\$ 311,641
Employee benefits	9,568	5,864	15,152	12,948	1,180	5,235	49,947	46,302
Payroll taxes	5,006	3,067	7,983	5,743	617	2,738	25,154	23,603
Total salaries and related expenses	78,141	47,886	124,777	91,237	9,635	42,750	394,426	381,546
Awards and recognition	15,623						15,623	9,193
Conferences and meetings	3,328	1,997	2,999				8,324	8,298
Endowment fund		7,125		960			8,085	6,731
Equipment rent and maintenance	5,660	3,396	2,660	1,803			13,519	8,492
Insurance	4,066	2,440	651	901			8,058	6,786
Interest	1,899	1,140		651			3,690	
Miscellaneous	17,890	8,637	6,976	1,907			35,410	38,252
Postage and shipping	1,669	1,001	112	79			2,861	2,419
Professional services		7,500					7,500	7,500
Program services	29,308	3,993	4,584	100,559		8,177	113,320	144,415
Supplies, printing and publications	2,446	1,468	4,544	1,341			39,186	32,845
Telephone	5,444	1,468	7,132	718			11,764	10,534
Travel	9,619	3,266	4,030	1,124			13,864	15,651
Utilities		5,771	3,035	3,068			21,493	14,536
Total before depreciation	175,094	95,620	161,500	204,348	9,635	50,927	697,124	687,198
Depreciation	7,956	4,774	29	176			12,935	13,873
TOTAL FUNCTIONAL EXPENSES	\$ 183,050	\$ 100,394	\$ 161,529	\$ 204,524	\$ 9,635	\$ 50,927	\$ 710,059	\$ 701,071

See accompanying notes.

UNITED WAY OF ETOWAH COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of activities

The United Way of Etowah County, Inc. is a fund-raising organization which carries on an annual campaign to raise money for local member charitable organizations. Volunteers then determine needs and allocate funds to these organizations, subject to approval of the Board of Directors.

Basis of accounting

The financial statements of United Way of Etowah County, Inc. have been prepared on the accrual basis of accounting and accordingly, reflect all significant receivables, payables, and other liabilities.

Basis of presentation

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.

Cash and cash equivalents

For purposes of the Statement of Cash Flows, the Organization considers all unrestricted highly liquid investments with an initial maturity date of three months or less to be cash equivalents.

Donor imposed restrictions

Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

Promises to give/pledges

Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows. The discounts on those amounts are computed using a risk free interest rate applicable to the year in which the promise is received. Amortization of the discount is included in contribution revenue. Conditional promises to give are not included as support until such time as the conditions are substantially met.

Campaign expenses

Campaign expenses are charged to expense as they are incurred.

UNITED WAY OF ETOWAH COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

Equipment

Equipment is stated at cost or, if contributed, at the fair market value at the date of contribution. Depreciation is provided on the straight-line method over their estimated useful lives.

Donated materials, equipment and services

Donated materials and equipment are reflected as contributions at their estimated fair market value at date of donation.

No amounts have been reflected in the accompanying statements for donated services. The Organization pays for most services requiring specific expertise. However, a substantial number of volunteers have donated significant amounts of their time in the organization's program services and in its fund raising campaigns.

Expense allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Income tax status

The United Way is exempt from income tax under section 501(c)(3) of the U.S. Internal Revenue Code and comparable state law and contributions to it are tax deductible within the limitations prescribed by the Code.

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.

Compensated absences

Employees of the Organization are entitled to paid vacation depending on job classification, length of service and other factors. It is impracticable to estimate the amount of compensation for future absences, and accordingly, no liability has been recorded in the financial statements. The Organization's policy is to recognize the cost of compensated absences when paid to employees.

UNITED WAY OF ETOWAH COUNTY, INC.
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2017

NOTE B - RETIREMENT PLAN

The United Way participates in a defined contribution retirement plan which covers substantially all employees. The plan requires United Way to contribute 5 percent of the base pay for all eligible participants. Contributions to the plan amounted to \$12,265 for 2017 and \$13,051 for 2016.

NOTE C - PROMISES TO GIVE

The Organization holds an annual fund-raising campaign each year to provide for allocations to member agencies and operating expenses for the following year. The promises to give as of December 31, 2017 are unconditional and are due in 2018.

NOTE D - RESTRICTIONS ON NET ASSETS

Temporarily restricted net assets are those assets with time restrictions placed upon them for use in the following year.

NOTE E - NET ASSETS RELEASED FROM RESTRICTION

Net assets in the amount of \$1,248,228 were released from restriction due to the occurrence of the time restriction placed on them.

NOTE F - FINANCIAL INSTRUMENTS

Concentrations of credit risk arising from cash deposits in excess of insured limits

The Organization maintains cash balances at several financial institutions located in Gadsden, AL. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. At December 31, 2017, the Organization had no uninsured cash balances.

NOTE G – INVESTMENTS

Investments at December 31, 2017 consist primarily of mutual multi-strategy equity and bond funds reported at fair value as follows:

	2017			2016
	Fair Value	Cost	Unrealized Appreciation (Depreciation)	Fair Value
Exchange Products	\$ 125,199	\$ 107,027	\$ 18,172	\$ 185,226
Mutual Equity Funds	707,349	656,107	51,242	606,269
Mutual Bond Funds	141,419	139,165	2,254	110,046
	\$ 973,967	\$ 902,299	\$ 71,668	\$ 901,541

UNITED WAY OF ETOWAH COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE G – INVESTMENTS (Continued)

Investment returns are summarized as follows:

	2017	2016
Fidelity Investments		
Interest, dividends and capital gains	\$ 24,663	\$ 20,378
Net realized and unrealized gains and (losses)	104,971	16,886
Total Fidelity Investments	129,634	37,264
Other Interest Income	805	615
Total Unrestricted Investment Income	\$ 130,439	\$ 37,879

Generally accepted accounting principles provide a framework for measuring fair value. That framework establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). At December 31, 2017 and 2016, the Organization’s investments consisted of publicly traded equity securities and money-market mutual funds. Investments are reported at fair value using Level 1 measure.

NOTE H – NOTE PAYABLE

On March 31, 2017, the United Way obtained a loan from The Exchange Bank of Alabama to partially finance the purchase of the 235 College Street property and necessary renovations. The loan is in the amount of \$300,000 with 5% per annum interest and matures April 5, 2018. It requires interest only payments quarterly beginning July 5, 2017. The note is unsecured but is subject to a negative pledge agreement. See Note J, Subsequent Events.

NOTE I – SALE OF BUILDING

On March 13, 2017, the United Way entered into an agreement to sell the existing facilities at 605 South 4th Street to the James M. Barrie Center for Children, Inc. for \$195,000. The agreement required a deposit of \$1,500 with the balance of \$193,500 at closing. The closing occurred on September 8, 2017. The United Way recognized a loss of \$32,101 on the sale of the building.

NOTE J – SUBSEQUENT EVENTS

Extension and Modification of Note Payable

On February 1, 2018 the note payable to Exchange Bank was modified and extended. After a principal payment of \$104,679 bringing the note balance to \$195,321, the note was modified to a ten year term at 3.94% interest payable monthly at \$1,973.

UNITED WAY OF ETOWAH COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE J – SUBSEQUENT EVENTS (Continued)

Subsequent events were evaluated through December 12, 2018, which is the date the financial statements were available to be issued.

NOTE K – CASH FLOW INFORMATION

Interest paid for 2017 was \$3,690. No interest was paid in 2016.

NOTE L – SEP IRA RETIREMENT PLAN

The Organization sponsors a SEP IRA retirement plan covering qualified employees, as defined. Full-time employees who have reached a minimum age of 21 are eligible to participate in the plan beginning January 1 of the year following their employment. The Organization contributed \$12,266 and \$13,050 for the years 2017 and 2016 respectively.