

**UNITED WAY OF ETOWAH COUNTY, INC.**  
**FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2019 AND 2018**  
**with**  
**Independent Auditor's Report**

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

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## 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, 2019 and 2018, 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

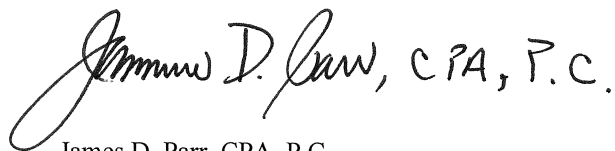
My responsibility is to express an opinion on these financial statements based on my audits. I conducted my audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether 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, 2019 and 2018 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.

November 30, 2020

UNITED WAY OF ETOWAH COUNTY, INC.  
 STATEMENTS OF FINANCIAL POSITION  
 DECEMBER 31, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
ASSETS		
CURRENT ASSETS		
Cash	\$ 295,766	\$ 293,829
Bank certificates of deposit	100,000	100,000
Marketable securities	933,938	751,745
Unconditional promises to give - net of allowance for uncollectible amounts of \$366,624 (\$250,265 in 2018)	803,022	1,017,710
Other receivables	<u>-</u>	<u>153</u>
TOTAL CURRENT ASSETS	2,132,726	2,163,437
PROPERTY AND EQUIPMENT		
Automobile	27,235	29,802
Office furniture and equipment	177,247	175,085
Land and building	411,702	411,702
Less accumulated depreciation	<u>(192,472)</u>	<u>(205,401)</u>
EQUIPMENT - NET	<u>423,712</u>	<u>411,188</u>
TOTAL ASSETS	<u>\$ 2,556,438</u>	<u>\$ 2,574,625</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 282	\$ -
Due agencies and grant recipients	583,801	715,264
Current maturities of long term debt	<u>17,471</u>	<u>16,795</u>
TOTAL CURRENT LIABILITIES	601,554	732,059
LONG TERM DEBT - net of current maturities	102,092	147,543
NET ASSETS		
Without donor restrictions	961,769	632,556
With donor restrictions		
Restricted as to use for next allocation period	<u>891,023</u>	<u>1,062,467</u>
TOTAL NET ASSETS	<u>1,852,792</u>	<u>1,695,023</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,556,438</u>	<u>\$ 2,574,625</u>

See accompanying notes.

UNITED WAY OF ETOWAH COUNTY, INC.  
STATEMENTS OF ACTIVITIES  
YEARS ENDED DECEMBER 31, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS		
CONTRIBUTIONS, REVENUES, AND GAINS		
Contributions received in current period (net of allowance for uncollectible amounts)	\$ 376,054	\$ 266,362
Special events		
Special event revenue	105,827	99,387
Less: Costs of direct benefits to donors	<u>(27,365)</u>	<u>(30,833)</u>
Net special events income	78,462	68,554
Investment income (loss)	119,709	(76,580)
Gain on sale of assets	<u>6,000</u>	<u>-</u>
TOTAL CONTRIBUTIONS, REVENUES, AND GAINS WITHOUT DONOR RESTRICTIONS	580,225	258,336
NET ASSETS RELEASED FROM RESTRICTIONS		
Contributions received in prior periods	<u>1,062,467</u>	<u>1,103,910</u>
TOTAL CONTRIBUTIONS, REVENUES, GAINS AND OTHER SUPPORT WITHOUT DONOR RESTRICTIONS	1,642,692	1,362,246
EXPENSES AND LOSSES		
Allocations to agencies and grants	597,956	721,821
Donor designations	7,683	6,877
United Way of America	16,618	14,707
Information and referral	154,010	147,795
Children's initiative	185,579	193,143
Disaster relief	39,196	20,252
Community building	45,331	55,468
Management and general	97,188	95,524
Fund raising	<u>169,918</u>	<u>163,088</u>
TOTAL EXPENSES	1,313,479	1,418,675
INCREASE (DECREASE) IN NET ASSETS WITHOUT DONOR RESTRICTIONS	329,213	(56,429)
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS		
Contributions received for next allocation period (net of allowance for uncollectible amounts)	891,023	1,062,467
Contributions received in prior periods released from restrictions	<u>(1,062,467)</u>	<u>(1,103,910)</u>
INCREASE (DECREASE) IN NET ASSETS WITH DONOR RESTRICTIONS	<u>(171,444)</u>	<u>(41,443)</u>
INCREASE (DECREASE) IN NET ASSETS	157,769	(97,872)
NET ASSETS AT BEGINNING OF YEAR	<u>1,695,023</u>	<u>1,792,895</u>
NET ASSETS AT END OF YEAR	<u>\$ 1,852,792</u>	<u>\$ 1,695,023</u>

See accompanying notes.

UNITED WAY OF ETOWAH COUNTY, INC.  
STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 157,769	\$ (97,872)
Adjustments to reconcile changes in net assets to net cash used by operating activities		
Depreciation	16,872	13,025
Noncash contribution	(27,234)	-
Realized and unrealized loss (gain) on sale of marketable securities	(99,158)	98,014
Gain on sale of assets	(6,000)	-
Changes in certain operating assets and liabilities		
Pledges receivable	214,688	17,142
Other receivables	153	99
Accounts payable	282	-
Due agencies	<u>(131,463)</u>	<u>(71,284)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	125,909	(40,876)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of building and equipment	(2,162)	(800)
Proceeds from sale of assets	6,000	-
Sales of marketable securities	1,093,867	953,337
Purchase of marketable securities	<u>(1,176,902)</u>	<u>(829,129)</u>
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>(79,197)</u>	<u>123,408</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
New borrowings:		
Long-term	-	195,321
Debt reductions:		
Short-term	-	(300,000)
Long-term	<u>(44,775)</u>	<u>(30,982)</u>
NET CASH PROVIDED ( USED) BY FINANCING ACTIVITIES	(44,775)	(135,661)
NET INCREASE (DECREASE) IN CASH	1,937	(53,129)
CASH AT BEGINNING OF YEAR	<u>293,829</u>	<u>346,958</u>
CASH AT END OF YEAR	<u>\$ 295,766</u>	<u>\$ 293,829</u>

See accompanying notes.

UNITED WAY OF ETOWAH COUNTY, INC.  
 STATEMENT OF FUNCTIONAL EXPENSES  
 YEAR ENDED DECEMBER 31, 2019

	PROGRAM SERVICES				SUPPORTING SERVICES		
	INFORMATION AND REFERRAL	CHILDREN'S INITIATIVE	DISASTER RELIEF	COMMUNITY BUILDING	MANAGEMENT AND GENERAL	FUND RAISING	TOTAL
Salaries	\$ 99,594	\$ 70,125	\$ 7,692	\$ 32,491	\$ 37,889	\$ 59,029	\$ 306,820
Employee benefits	11,637	12,581	1,083	4,576	5,336	8,314	43,527
Payroll taxes	7,841	5,546	610	2,578	3,006	4,683	24,264
Total salaries and related expenses	119,072	88,252	9,385	39,645	46,231	72,026	374,611
Awards and recognition					82	10,229	10,229
Conferences and meetings	2,379				2,583	138	2,599
Consulting fees					6,904	4,306	6,889
Endowment fund					4,791	7,985	6,904
Equipment rent and maintenance	4,254	1,313			3,300	5,500	18,343
Insurance		848			1,494	2,490	9,648
Interest	844	844			4,098	9,678	5,672
Miscellaneous	4,295	1,134			813	1,355	19,205
Postage and shipping	71	121			9,000		2,360
Professional services	3,909	88,850	29,811	5,686	4,565	34,000	9,000
Program services	4,752	1,193			1,436	2,393	128,256
Supplies, printing and publications	6,541	764			2,245	3,741	44,510
Telephone	5,743	453			3,445	5,741	11,134
Travel	1,815	1,807					12,182
Utilities							12,808
Total before depreciation	153,675	185,579	39,196	45,331	90,987	159,582	674,350
Depreciation	335	-	-	-	6,201	10,336	16,872
TOTAL FUNCTIONAL EXPENSES	\$ 154,010	\$ 185,579	\$ 39,196	\$ 45,331	\$ 97,188	\$ 169,918	\$ 691,222

See accompanying notes.

UNITED WAY OF ETOWAH COUNTY, INC.  
 STATEMENT OF FUNCTIONAL EXPENSES  
 YEAR ENDED DECEMBER 31, 2018

	PROGRAM SERVICES				SUPPORTING SERVICES		
	INFORMATION AND REFERRAL	CHILDREN'S INITIATIVE	DISASTER RELIEF	COMMUNITY BUILDING	MANAGEMENT AND GENERAL	FUND RAISING	TOTAL
Salaries	\$ 98,189	\$ 70,092	\$ 7,770	\$ 32,145	\$ 38,693	\$ 59,251	306,140
Employee benefits	12,310	13,824	1,298	5,371	6,465	9,900	49,168
Payroll taxes	7,837	5,506	613	2,535	3,051	4,672	24,214
Total salaries and related expenses	118,336	89,422	9,681	40,051	48,209	73,823	379,522
Awards and recognition		179			47	1,198	1,198
Conferences and meetings					7,319	81	307
Endowment fund	1,342	1,009			3,062	5,103	7,319
Equipment rent and maintenance		848			3,114	5,190	10,516
Insurance	1,481	1,481			2,591	4,318	9,152
Interest	6,194	1,001			5,219	18,847	9,871
Miscellaneous	150	143			959	1,598	31,261
Postage and shipping					8,000		2,850
Professional services	3,534	93,784	10,571	15,417			8,000
Program services	2,378	1,376			4,191	31,576	123,306
Supplies, printing and publications	6,522	657			1,382	2,303	39,521
Telephone	5,202	674			2,405	4,008	10,864
Travel	2,401	2,540			4,248	7,080	12,289
Utilities							16,269
Total before depreciation	147,540	193,114	20,252	55,468	90,746	155,125	662,245
Depreciation	255	29	-	-	4,778	7,963	13,025
TOTAL FUNCTIONAL EXPENSES	\$ 147,795	\$ 193,143	\$ 20,252	\$ 55,468	\$ 95,524	\$ 163,088	\$ 675,270

See accompanying notes.



UNITED WAY OF ETOWAH COUNTY, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019

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 two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Organization, the environment in which it operates, the purpose specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Net assets with donor restrictions are resources that are subject to donor-imposed restrictions. Some restrictions are temporary in nature, such as those that are restricted for use for a particular purpose or in a particular future period. Other restrictions may be permanent in nature; such as those that are restricted by a donor that the resources be maintained in perpetuity.

Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions 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 net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restrictions.

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.

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

UNITED WAY OF ETOWAH COUNTY, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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 related to more than one function have been allocated among the programs and supporting services on the basis of periodic time and expense studies. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

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.

UNITED WAY OF ETOWAH COUNTY, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

NOTE B - RETIREMENT PLAN

The United Way participates in a defined contribution 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 plan requires United Way to contribute 5 percent of the base pay for all eligible participants. Contributions to the plan amounted to \$12,154 for 2019 and \$12,983 for 2018.

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, 2019 are unconditional and are due in 2020.

NOTE D – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are those assets with time restrictions placed upon them for use in the following year.

NOTE E - NET ASSETS RELEASED FROM DONOR RESTRICTIONS

Net assets in the amount of \$1,062,467 were released from donor restriction due to the occurrence of the time restriction placed on them.

NOTE F – CONCENTRATIONS OF RISK

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, Alabama. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. At December 31, 2019, the Organization had no uninsured cash balances.

UNITED WAY OF ETOWAH COUNTY, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019

NOTE F – CONCENTRATIONS OF RISK (Continued)

Geographic Concentration

The Organization conducts its operations solely in the Etowah County, Alabama area, and, therefore, is subject to risk from changes in local economic conditions. A downturn in the local economy could cause a decrease in contributions concurrently with an increase in community need for the Organization’s resources and assistance.

In late 2019, Goodyear Tire and Rubber Company announced plans to eventually close its Gadsden plant. At that time, employees were offered voluntary buy-outs and in December 2019, 740 employees accepted. At the end of 2019, only approximately 400 employees remained. In February 2020, 105 of the remaining employees were laid-off and in April of 2020, the remaining employees were terminated and the plant was permanently closed. The balance of Goodyear employee pledges to the Organization at December 31, 2019 was \$185,999 which was included in bad debts and the allowance for uncollectible amounts as the closing of the plant was imminent and collection of the outstanding balance extremely doubtful.

NOTE G – INVESTMENTS

Investments at December 31, 2019 consist primarily of mutual multi-strategy equity and bond funds reported at fair value as follows:

	2019			2018
	Fair Value	Cost	Unrealized Appreciation (Depreciation)	Fair Value
Exchange Products	\$ 104,836	\$ 102,662	\$ 2,174	\$ 56,958
Mutual Equity Funds	648,990	606,748	42,242	566,677
Mutual Bond Funds	180,112	178,513	1,599	128,110
	\$ 933,938	\$ 887,923	\$ 46,015	\$751,745

Investment returns are summarized as follows:

	2019	2018
Fidelity Investments		
Interest and Dividends	\$ 18,634	\$ 20,047
Net realized and unrealized gains and (losses)	99,158	(98,014)
Total Fidelity Investments	117,792	(77,967)
Other Interest Income	1,917	1,387
Total Unrestricted Investment Income	\$119,709	\$ (76,580)

UNITED WAY OF ETOWAH COUNTY, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019

NOTE G – INVESTMENTS (Continued)

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, 2019 and 2018, 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

The Organization has a loan with The Exchange Bank of Alabama, secured by a mortgage on land and building located at 235 College Street. The loan requires monthly installments of \$1,973 for 120 months and includes interest at 3.94%. The note had a principal balance at December 31, 2018 and 2019 of \$164,338 and \$119,563 respectively. The note is scheduled to mature February, 2028.

Maturities of long-term debt are \$17,471 in 2020, \$18,173 in 2021, \$18,904 in 2022, \$19,664 in 2023, \$20,455 in 2024, \$21,277 in 2025 and \$3,619 thereafter.

NOTE I – SUBSEQUENT EVENTS

Subsequent events were evaluated through November 30, 2020, which is the date the financial statements were available to be issued.

Since December 31, 2019, the spread of COVID-19 has severely impacted many local economies around the globe. In many countries, businesses are being forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses and other organizations worldwide, resulting in an economic slowdown. Global stock markets have experienced great volatility and a significant weakening. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions.

The United Way of Etowah County has determined that these events are non-adjusting subsequent events. Accordingly, the financial position and results of operations as of and for the year ended December 31, 2019 have not been adjusted to reflect their impact. The duration and impact of the COVID-19 pandemic remains unclear at this time; however, as the United Way of Etowah County's contributions, revenues and gains are based on the financial ability of the citizens and businesses of Etowah County to contribute to the Organization and those groups have been significantly affected by the COVID-19 pandemic, it is anticipated that the revenues and financial position of the Organization are likely to be affected. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of operations of the United Way of Etowah County for future periods.

UNITED WAY OF ETOWAH COUNTY, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019

NOTE I – SUBSEQUENT EVENTS (Continued)

On April 23, 2020, the Organization obtained a \$85,300 loan under the Small Business Administration's Paycheck Protection Program. The loan amount including accrued interest is expected to be forgiven in its entirety.

NOTE J – CASH FLOW INFORMATION

Interest paid was \$ 5,672 and \$9,871 for the years 2019 and 2018 respectively.

NOTE K – LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES

Virtually all of the United Way's financial assets, as of the statement of financial position date, are available for general use within one year of the statement of financial position date.