



Darrell L. Keller, CPA, PA

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**UNITED WAY OF LINCOLN COUNTY, INC.**

**FINANCIAL STATEMENTS**

**YEAR ENDED MARCH 31, 2017 and 2016**

**(704) 739-0771**

UNITED WAY OF LINCOLN COUNTY, INC.  
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YEAR ENDED MARCH 31, 2017

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
United Way of Lincoln County, Inc.

We have audited the accompanying financial statements of United Way of Lincoln County, Inc. (a nonprofit organization), which comprise the statement of financial position as of March 31, 2017, and the related statements of activities, functional expenses, 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 United Way of Lincoln County, Inc. as of March 31, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Report on Summarized Comparative Information**

We have previously audited the United Way of Lincoln County, Inc.'s 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 16, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended March 31, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

## **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 allocations distributed to agencies on page 14 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.

Darrell L. Keller, CPA, PA

Darrell L. Keller, CPA, PA  
Kings Mountain, North Carolina

June 15, 2017

UNITED WAY OF LINCOLN COUNTY, INC.  
STATEMENT OF FINANCIAL POSITION  
FOR THE YEAR ENDED MARCH 31, 2017 WITH COMPARATIVE TOTALS FOR 2016

	Unrestricted	Temporarily Restricted	Total 2017	Prior 2016
<b>ASSETS</b>				
Cash and cash equivalents	\$ 208,586	\$ 7,571	\$ 216,157	\$ 164,547
Unconditional Promises To Give-				
Net of Allowance for Uncollectible Promises	-	212,933	212,933	233,845
Refunds receivable	1,055	-	1,055	851
Prepaid expenses	1,598	-	1,598	917
Fixed Assets-net of depreciation	1,863	-	1,863	2,714
	\$ 213,102	\$ 220,504	\$ 433,606	\$ 402,874
<b>LIABILITIES AND NET ASSETS</b>				
Liabilities:				
Accounts payable	\$ 6,385	\$ 10,192	\$ 16,577	\$ 12,499
Payroll taxes withheld	1,779	-	1,779	1,729
Unearned Revenue-Special Event	-	-	-	656
Total liabilities	8,164	10,192	18,356	14,884
Net assets:				
Unrestricted				
Board Designated	67,660	-	67,660	58,698
Undesignated	137,278	-	137,278	104,927
Temporarily restricted	-	210,312	210,312	224,365
Total net assets	204,938	210,312	415,250	387,990
Total liabilities and net assets	\$ 213,102	\$ 220,504	\$ 433,606	\$ 402,874

The Accompanying Notes are an Integral Part of these Financial Statements.

UNITED WAY OF LINCOLN COUNTY, INC.  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED MARCH 31, 2017 WITH PRIOR YEAR COMPARATIVE TOTALS

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total 2017</u>	<u>Prior 2016</u>
Public support and revenue:				
Public support:				
Campaign contributions	\$ -	\$ 373,397	\$ 373,397	\$ 384,900
Less provision for uncollectible pledges	-	(22,865)	(22,865)	(18,584)
Less designations	-	(10,931)	(10,931)	(18,132)
Net campaign contributions	-	339,601	339,601	348,184
Contributions	10,517	-	10,517	3,617
Gifts in-kind	6,115	-	6,115	5,400
Reimbursements	-	-	-	13
211 Grant	-	-	-	1,000
Fundraisers	1,783	-	1,783	-
Interest income	307	-	307	268
Net assets released from restriction (Note 5)	353,654	(353,654)	-	-
Total public support	<u>372,376</u>	<u>(14,053)</u>	<u>358,323</u>	<u>358,482</u>
 Expenses:				
Allocations to agencies	232,500	-	232,500	234,400
Allocation and agency relations	30,743	-	30,743	23,347
Management and general	24,704	-	24,704	23,843
Fundraising	43,116	-	43,116	44,208
Total expenses	<u>331,063</u>	<u>-</u>	<u>331,063</u>	<u>325,798</u>
 Change in net assets	41,313	(14,053)	27,260	32,684
 Net assets:				
Beginning	163,625	224,365	387,990	355,306
Transfer			-	-
Ending	<u>\$ 204,938</u>	<u>\$ 210,312</u>	<u>\$ 415,250</u>	<u>\$ 387,990</u>

The Accompanying Notes are an Integral Part of these Financial Statements.

UNITED WAY OF LINCOLN COUNTY, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED MARCH 31, 2017 WITH COMPARATIVE TOTALS FOR 2016

	Allocation and Agency Relations	Management and General	Fund Raising	Funds Awarded to Other Agencies	Total 2017	Prior 2016
Salaries and benefits	\$ 13,587	\$ 16,305	\$ 24,457	\$ -	54,349	51,622
Payroll taxes	982	1,179	1,768	-	3,929	3,827
Insurance	537	644	966	-	2,147	2,015
Conference, conventions, and travel	183	219	329	-	731	827
Postage	67	80	121	-	268	209
Advertising	23	28	41	-	92	-
Professional services	1,000	1,200	1,800	-	4,000	4,000
Telephone	345	414	621	-	1,380	900
Supplies and printing	252	303	454	-	1,009	1,506
Promotional expenses	-	-	2,733	-	2,733	4,518
Equipment maintenance	365	438	657	-	1,460	2,091
Utilities	826	991	1,487	-	3,304	3,049
Luncheons	56	28	10	-	94	137
Dues and memberships	130	156	234	-	520	793
Website	495	-	-	-	495	495
Dues to state and national	963	1,156	1,733	-	3,852	3,385
211/Day of Caring/Teen Board/Asbury	6,064	-	-	-	6,064	2,909
Events	3,028	-	-	-	3,028	-
Fees from Other United Ways	-	-	2,055	-	2,055	2,782
Rent*	972	1,350	3,078	-	5,400	5,400
Donated Goods*	715	-	-	-	715	-
Funds Awarded	-	-	-	232,500	232,500	234,400
Miscellaneous	-	-	87	-	87	200
Bank charges	-	-	-	-	-	-
Total expenses before depreciation	30,590	24,491	42,631	232,500	330,212	325,065
Depreciation	153	213	485	-	851	733
Total expenses	<u>\$ 30,743</u>	<u>\$ 24,704</u>	<u>\$ 43,116</u>	<u>\$ 232,500</u>	<u>\$ 331,063</u>	<u>\$ 325,798</u>

\* Includes Gift in Kind, see note 7

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

UNITED WAY OF LINCOLN COUNTY, INC.  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED MARCH 31, 2017 WITH COMPARATIVE TOTALS FOR 2016

CASH FLOWS FROM OPERATING ACTIVITIES:	<u>2017</u>	<u>2016</u>
Change in Net Assets	\$ 27,260	\$ 32,684
Adjustments to Reconcile Change in Net Assets to Net Cash Provided By Operating Activities:		
Depreciation	851	733
Changes in Assets and Liabilities:		
(Increase) Decrease in:		
Promises To Give	20,912	1,685
Receivables	(204)	(235)
Prepaid expenses	(681)	1,200
Increase (Decrease) in Accounts Payable and Accrued Expenses	<u>3,472</u>	<u>4,336</u>
Net Cash Provided By Operating Activities	<u>51,610</u>	<u>40,403</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Loan proceeds	-	-
Repayment of loans	-	-
Purchase of fixed assets	-	(1,179)
Net Cash Used By Investing Activities	<u>-</u>	<u>(1,179)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	51,610	39,224
Beginning Cash and Cash Equivalents	<u>164,547</u>	<u>125,323</u>
Ending Cash and Cash Equivalents	<u>\$ 216,157</u>	<u>\$ 164,547</u>
Interest paid for the year	<u>\$ -</u>	<u>\$ -</u>

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



UNITED WAY OF LINCOLN COUNTY, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2017

Note 1. SIGNIFICANT ACCOUNTING POLICIES AND NATURE OF ACTIVITIES

Organizational History

United Way of Lincoln County, Inc. (United Way) is a non-profit organization incorporated on November 4, 1960 and is governed by a volunteer Board of Directors. Its mission is to connect people, resources and ideas to create a thriving community characterized by stability, educational success, and healthy members of the community.

The United Way is a tax exempt organization under section 501(c)(3) of the Internal Revenue Code. However, income generated from activities unrelated to the exempt purpose of the United Way is subject to tax. There was no unrelated business income in the year ended March 31, 2017. The United Way has been classified as an entity that is not a private foundation within the meaning of section 509(a) and contributions to the United Way are tax-deductible within the limitations prescribed by law. The United Way is also classified as a non-profit health and welfare service agency. Revenue is derived primarily through campaign contributions.

Basis of Accounting

The United Way prepares its financial statements in accordance with accounting principles generally accepted in the United States of America. Under those standards, United Way 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. In addition, the United Way is required to present a statement of cash flows. The United Way uses the accrual method of accounting. Under this method, revenue is recognized when earned, and expenses are recognized when incurred.

Use of Estimates

The preparation of financial statements in conformity with United States 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

For purposes of the statements of cash flows, the United Way considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

UNITED WAY OF LINCOLN COUNTY, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2017

Pledges Receivable

Unconditional promises to give are recorded as pledges receivable and contribution revenue when the promise is made. Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risks involved. Amortization of discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions.

The United Way uses the allowance method to determine uncollectible pledges receivable. Pledges receivable and related contributions are initially recorded at their net realizable value based on amounts expected to be collected from donors. This valuation reflects net pledge balances at a level which, in the judgment of management, is adequate to meet the present and potential risks of uncollectibility of the pledges receivable. Management's judgment is based on a variety of factors, which include experience related to charge offs and recoveries, previous collection history and scrutiny of individual accounts. Specific accounts are written off only upon notification from donors that the pledges are no longer collectible.

Contributions

Contributions are recognized when the donor makes a promise to give to the United Way that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are 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.

Unrestricted Net Assets

Contributions received from third parties that are not restricted as to use or for which the donor-imposed restrictions have been fulfilled are reported as unrestricted net assets in the accompanying financial statements.

Temporarily Restricted Net Assets

Contributions received from third parties with donor stipulations that limit the use of the donated assets, including specific or implied time restrictions inherent in pledges to give cash or other assets in the future, are reported as temporarily restricted net assets in the accompanying financial statements. When the applicable restriction expires, that is, when a stipulated time restriction ends or the purpose of the restriction is accomplished (including accrual of the related obligation), temporarily restricted net assets are reclassified to unrestricted net assets and are reported in the statements of activities as net assets released from restrictions. Contributions received with temporary restrictions which

UNITED WAY OF LINCOLN COUNTY, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2017

are satisfied in the same reporting period are accounted for as described above and are included in net assets released from restrictions in the accompanying statement of activities.

During the year ended March 31, 2017 and 2016 the United Way released \$353,654 and 362,686, respectively, from temporarily restricted net assets to unrestricted net assets. This amount represented payments received on pledges receivable.

Property and Equipment

The United Way capitalizes property and equipment over \$500. Lesser amounts are expensed. Purchased property and equipment is capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions 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 contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the United Way reports expirations of donor restrictions when the donated or acquired assets are placed in service. United Way reclassifies temporarily restricted net assets to unrestricted net assets at that time. Property and equipment are depreciated using the straight-line method over estimated useful lives ranging from five to thirty years.

Contributed Services

No amounts have been reflected in the financial statements for donated services. United Way generally pays for services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the United Way carrying out its fundraising and special programs, but these services do not meet the criteria for recognition as contributed services. The United Way had 800 volunteer hours from 167 volunteers in fiscal year ending March 31, 2017 and 650 volunteer hours in fiscal year ending March 31, 2016.

Functional Allocation of Expenses

Expenses are summarized and categorized based on their functional classification as Allocation and Agency Relations, Management and General, or Fundraising in the statement of functional expenses. Specific expenses that are readily identifiable to a single program or activity are charged directly to that function. However, some expenses relate to more than one function and must be allocated among the program and supporting services benefited. Salaries and related expenses are allocated based on the estimated time the employee spends on each function.

UNITED WAY OF LINCOLN COUNTY, INC.  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED MARCH 31, 2017

Income Taxes

United Way is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation.

Prepays

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items and expensed as the items are used.

Advertising

The United Way expenses advertising costs as incurred.

Concentration of Credit Risk

The United Way is subject to a credit risk in relation to outstanding promises to give. These promises to give receivables come from corporate and individual donors in a concentrated geographic area. Management does not consider this concentration to be a significant credit risk.

Note 2. PLEDGES RECEIVABLE

Pledges Receivable as of March 31, 2017 is summarized as follows:

	Pledges due in less than one year	Pledges due within 1-5 years	Less: unamortized present value discount	Pledges receivable balance, net of discount	Allowance	Pledges receivable balance, net of discount and allowance
Campaign pledges receivable:						
2015/2016 Campaign	\$ 29,061	\$ -	\$ -	\$ 29,061	\$ 27,365	\$ 1,696
2016/2017 Campaign	235,635	-	-	235,635	24,398	211,237
Subtotal	<u>\$ 264,696</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 264,696</u>	<u>\$ 51,763</u>	<u>\$ 212,933</u>

Allowance for uncollectible pledges was \$51,763 resulting in a net receivable of \$212,933. Because pledges are short term pledges there is no discount for present value.

UNITED WAY OF LINCOLN COUNTY, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2017

Pledges Receivable as of March 31, 2016 is summarized as follows:

	Pledges due in less than one year	Pledges due within 1-5 years	Less: unamortized present value discount	Pledges receivable balance, net of discount	Allowance	Pledges receivable balance, net of discount and allowance
Campaign pledges receivable:						
2014/2015 Campaign	\$ 18,518	\$ -	\$ -	\$ 18,518	\$ 18,518	\$ -
2015/2016 Campaign	<u>260,403</u>	<u>-</u>	<u>-</u>	<u>260,403</u>	<u>26,558</u>	<u>233,845</u>
Subtotal	<u>\$ 278,921</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 278,921</u>	<u>\$ 45,076</u>	<u>\$ 233,845</u>

Allowance for uncollectible pledges was \$45,076 resulting in a net receivable of \$233,845. Because pledges are short term pledges there is no discount for present value.

	<u>2016/2017</u>	<u>2015/2016</u>
Campaign Contributions per Statement of Activities	\$ 373,397	\$ 384,900
Amount received for previous campaigns	<u>-</u>	<u>-</u>
Total Campaign Income	<u>373,397</u>	<u>384,900</u>

  

	<u>2016/2017</u>	<u>2015/2016</u>
Total Campaign	373,397	384,900
Average Uncollectible past 5 years	<u>6.5340%</u>	<u>6.9000%</u>
Allowance for Uncollectibles	24,398	26,558
Allowance-Prior Year Campaign	<u>27,365</u>	<u>18,518</u>
Total Uncollectible-All years	<u>51,763</u>	<u>45,076</u>

Management used the actual average uncollectible amount for the past 5 years to determine the estimated allowance on the 2016/2017 campaign. Management reviewed all outstanding accounts for the 2015/2016 campaign and adjusted the allowance to expected uncollectible amount. It is management's policy that the uncollectible amounts be written off in the August after the campaign year (e.g. 2015/2016 actual uncollectible will be written off in August 2017).

UNITED WAY OF LINCOLN COUNTY, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2017

Note 3. PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

	<u>3/31/2017</u>	<u>3/31/2016</u>
Property and Equipment	\$ 13,619	\$ 13,619
Less Accumulated Depreciation	(11,756)	(10,905)
Net Property and Equipment	<u>\$ 1,863</u>	<u>\$ 2,714</u>

Note 4. LEASES

The United Way leases its building from Lincoln County for \$1 per lease period. The lease was renewed in the fiscal year March 31, 2013 for a 3 year period with an option to renew for an additional 5 year period. In fiscal year March 31, 2016 the lease was renewed for the additional 5 year period. The lease is now through October 2020. See Note 7 for information on lease expense.

Note 5. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consisted of the following:

	<u>3/31/2017</u>	<u>3/31/2016</u>
Net Promises to give	\$ 212,933	\$ 233,845
Day of Caring	915	955
Teen Center	1,072	1,158
Specific Event	80	80
Christmas Fund	245	177
DIS Assistance	152	373
Asbury Project	5,107	-
Accounts Payable restricted to other agencies	(10,192)	(12,223)
Total temporarily restricted net assets	<u>\$ 210,312</u>	<u>\$ 224,365</u>

Net promises to give are considered temporarily restricted until collected.

Amounts contributed to the Day of Caring, Teen Center, Specific Event, Christmas Fund, and the Asbury Project are restricted for use for these activities. The amounts above represent the contributions/cash that has yet to be expended.

UNITED WAY OF LINCOLN COUNTY, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2017

Note 6. ACCOUNTS PAYABLE, INCLUDING DESIGNATIONS TO OTHER AGENCIES

	3/31/2017	3/31/2016
Accounts Payable-Expenses	\$ 6,385	\$ 276
Payroll Liabilities	1,779	1,729
Unearned Revenue - BBQ	-	656
Accounts Payable-Agencies	10,192	12,223
Total Accounts Payable	\$ 18,356	\$ 14,884

Note 7. GIFTS IN KIND

The United Way received several gifts in kind in the current year as follows:

	3/31/17	3/31/16
Lease	\$ 5,400	\$ 5,400
Advertising	\$ -0-	\$ -0-
Goods/Services	\$ -715-	\$ -0-
	\$ 6,115	\$ 5,400

These gifts were recorded as income and expense. The lease is for the fair market rental value of the office space leased from Lincoln County as described in Note 4. The donated goods were trophies donated by House of Trophies for awards given by the Board.

Note 8. SUBSEQUENT EVENTS

The United Way has evaluated its financial statements for subsequent events through June 15, 2017, the date the financial statements were available to be issued. The United Way is not aware of any such events which would require recognition or disclosure in the financial statements.

UNITED WAY OF LINCOLN COUNTY, INC.  
 SCHEDULE OF ALLOCATIONS DISTRIBUTED TO AGENCIES  
 FOR THE YEAR ENDED MARCH 31, 2017 WITH COMPARATIVE TOTALS FOR 2016

	<u>2017</u>	<u>2016</u>
A Place To Grow	\$ 8,000	\$ 8,000
American Red Cross	18,845	27,000
Boy Scouts	11,245	10,000
Communities In Schools	26,445	22,000
Community Friends/Senior Services	6,545	-
Rape Crisis Center	2,500	7,500
Helping Hands Clinic	19,445	20,000
Hospice	20,000	16,000
LC Coalition Against Child Abuse	31,720	35,000
LC Coalition Against Domestic Violence	22,720	25,000
Lincoln County Family YMCA	28,034	24,400
Sally's YMCA	16,345	11,600
Salem Industries	6,711	12,900
Special Olympics	13,945	15,000
 Total allocation to agencies	 <u>\$ 232,500</u>	 <u>\$ 234,400</u>

The Accompanying Notes are an Integral Part of these Financial Statements.