

**UNITED WAY OF THE MIDLANDS  
AND SUBSIDIARY**

**FINANCIAL REPORT**

**JUNE 30, 2018**

# UNITED WAY OF THE MIDLANDS AND SUBSIDIARY

## FINANCIAL REPORT YEAR ENDED JUNE 30, 2018

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## INDEPENDENT AUDITORS' REPORT

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**To the Board of Directors  
United Way of the Midlands  
Columbia, South Carolina**

We have audited the accompanying consolidated financial statement of **United Way of the Midlands** and its subsidiary which comprise the consolidated statement of financial position as of June 30, 2018, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

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

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

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

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## Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of United Way of the Midlands and its subsidiary as of June 30, 2018, 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 Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management, was derived from, and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated financial statements as a whole.

## Other Matter

The financial statements of the United Way of the Midlands, as of and for the year ended June 30, 2017, were audited by Derrick, Stubbs and Stith, LLP's (predecessor auditors), whose partners joined Mauldin & Jenkins, LLC on October 1, 2017. Derrick, Stubbs and Stith, LLP's report dated October 6, 2017, expressed an unmodified opinion on those statements.

*Mauldin & Jenkins, LLC*

Columbia, South Carolina  
October 26, 2018

**UNITED WAY OF THE MIDLANDS AND SUBSIDIARY  
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2018 AND 2017**

	<u>2018</u>	<u>2017</u>
<b>ASSETS</b>		
Current Assets		
Cash and cash equivalents	\$ 2,329,652	\$ 2,496,085
Investments	1,644,969	1,566,931
Annual campaign pledges receivable (net of allowance of \$ 716,556 for 2018 and \$ 728,605 for 2017)	3,201,334	4,108,073
Current portion of capital campaign receivable	52,500	159,766
Grants receivable	270,282	282,699
Designations processing income receivable	129,305	132,722
Other receivables	13,705	16,274
Prepaid expenses	73,528	158,767
<b>Total current assets</b>	<u>7,715,275</u>	<u>8,921,317</u>
Non-Current Assets		
Property and equipment, net	5,705,493	6,147,069
Capital campaign receivable less, current portion and net of discount to PV of \$- for 2018 and \$1,021 for 2017	-	51,030
Investments - other	-	34,932
Endowed funds	898,448	849,168
<b>Total non-current assets</b>	<u>6,603,941</u>	<u>7,082,199</u>
<b>Total assets</b>	<u>14,319,216</u>	<u>16,003,516</u>
<b>LIABILITIES AND NET ASSETS</b>		
Current Liabilities		
Designations payable	1,010,197	1,897,153
Accounts payable	191,873	195,553
Special funds held for agencies	323,738	306,634
Grants payable	306,267	271,416
Compensation related benefit payable	142,174	208,999
Deferred revenue	5,000	2,500
<b>Total current liabilities</b>	<u>1,979,249</u>	<u>2,882,255</u>
Net Assets		
Unrestricted		
Undesignated	9,668,499	10,064,403
Board designated	2,200,986	2,150,100
Temporarily restricted	470,482	906,758
<b>Total net assets</b>	<u>12,339,967</u>	<u>13,121,261</u>
<b>Total liabilities and net assets</b>	<u>\$ 14,319,216</u>	<u>\$ 16,003,516</u>

See notes to consolidated financial statements.

**UNITED WAY OF THE MIDLANDS AND SUBSIDIARY**  
**CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**YEAR ENDED JUNE 30, 2018**

	Unrestricted	Temporarily Restricted	Total
Revenues and Other Support			
Gross campaign results prior years	\$ 198,500	\$ -	\$ 198,500
Plus, donor designations	133,234	-	133,234
Less, provision for uncollectible pledges	(77,925)	-	(77,925)
<b>Net campaign revenue prior years</b>	<b>253,809</b>	<b>-</b>	<b>253,809</b>
Gross campaign results 2017	-	9,954,149	9,954,149
Less, donor designations	-	(2,213,671)	(2,213,671)
Less, provision for uncollectible pledges	-	(716,556)	(716,556)
Capital campaign results	-	3,521	3,521
Flood relief Fund	-	150,050	150,050
<b>Net campaign revenue 2016</b>	<b>-</b>	<b>7,177,493</b>	<b>7,177,493</b>
Grants	91,288	1,503,318	1,594,606
Sponsorship	144,550	-	144,550
Accounting services income	238,155	-	238,155
Contracts	83,132	-	83,132
Building rent income	57,885	-	57,885
Gifts in kind	283,955	-	283,955
Investment income	67,921	-	67,921
Unrealized loss on investments	(4,639)	-	(4,639)
(Loss) on asset disposal	(3,460)	-	(3,460)
Special event revenue	24,820	-	24,820
Miscellaneous income	83,672	12,040	95,712
Capital campaign income released from restrictions	161,816	(161,816)	-
Annual campaign income released from restrictions	7,006,257	(7,006,257)	-
Grant funds released from restrictions	1,961,054	(1,961,054)	-
<b>Total revenues and other support</b>	<b>10,450,215</b>	<b>(436,276)</b>	<b>10,013,939</b>
Expenses			
Gross funds awarded	6,320,718	-	6,320,718
Less, donor designations	(2,080,436)	-	(2,080,436)
<b>Net funds awarded</b>	<b>4,240,282</b>	<b>-</b>	<b>4,240,282</b>
Grants	2,411,487	-	2,411,487
Other program services	1,595,117	-	1,595,117
<b>Total program services</b>	<b>8,246,886</b>	<b>-</b>	<b>8,246,886</b>
Supporting services	2,387,972	-	2,387,972
<b>Total functional expenses</b>	<b>10,634,858</b>	<b>-</b>	<b>10,634,858</b>
United Way dues	160,375	-	160,375
<b>Total expenses</b>	<b>10,795,233</b>	<b>-</b>	<b>10,795,233</b>
<b>(Decrease) in net assets</b>	<b>(345,018)</b>	<b>(436,276)</b>	<b>(781,294)</b>
Net assets at beginning of year	12,214,503	906,758	13,121,261
<b>Net assets at end of year</b>	<b>\$ 11,869,485</b>	<b>\$ 470,482</b>	<b>\$ 12,339,967</b>

See notes to consolidated financial statements.

**UNITED WAY OF THE MIDLANDS AND SUBSIDIARY**  
**CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**YEAR ENDED JUNE 30, 2017**

	Unrestricted	Temporarily Restricted	Total
Revenues and Other Support			
Gross campaign results prior years	\$ 114,498	\$ -	\$ 114,498
Plus, donor designations	80,330	-	80,330
Less, provision for uncollectible pledges	52,243	-	52,243
<b>Net campaign revenue prior years</b>	<u>247,071</u>	<u>-</u>	<u>247,071</u>
Gross campaign results 2016	-	11,678,424	11,678,424
Less, donor designations	-	(3,281,302)	(3,281,302)
Less, provision for uncollectible pledges	-	(728,605)	(728,605)
Capital campaign results (net of discount of \$ 1,021)	-	5,028	5,028
Flood Relief Fund	-	395,828	395,828
<b>Net campaign revenue 2015</b>	<u>-</u>	<u>8,069,373</u>	<u>8,069,373</u>
Grants	676,046	889,304	1,565,350
Sponsorship	148,393	-	148,393
Accounting Services Income	254,525	-	254,525
Contracts	74,356	-	74,356
Building rent income	59,300	-	59,300
Gifts in kind	339,140	-	339,140
Investment income	61,496	-	61,496
Unrealized gain on investments	48,362	-	48,362
(Loss) on asset disposal	(13,335)	-	(13,335)
Special event revenue	32,236	-	32,236
Miscellaneous income	132,564	-	132,564
Capital campaign income released from restrictions	227,834	(227,834)	-
Annual campaign income released from restrictions	7,672,950	(7,672,950)	-
Grant funds released from restrictions	1,487,273	(1,487,273)	-
<b>Total revenues and other support</b>	<u>11,448,211</u>	<u>(429,380)</u>	<u>11,018,831</u>
Expenses			
Gross funds awarded	7,966,363	-	7,966,363
Less, donor designations	(3,200,971)	-	(3,200,971)
<b>Net funds awarded</b>	<u>4,765,392</u>	<u>-</u>	<u>4,765,392</u>
Grants	2,188,372	-	2,188,372
Other program services	1,697,391	-	1,697,391
<b>Total program services</b>	<u>8,651,155</u>	<u>-</u>	<u>8,651,155</u>
Supporting services	2,384,689	-	2,384,689
<b>Total functional expenses</b>	<u>11,035,844</u>	<u>-</u>	<u>11,035,844</u>
United Way dues	167,347	-	167,347
<b>Total expenses</b>	<u>11,203,191</u>	<u>-</u>	<u>11,203,191</u>
<b>Increase (decrease) in net assets</b>	245,020	(429,380)	(184,360)
Net assets at beginning of year	<u>11,969,483</u>	<u>1,336,138</u>	<u>13,305,621</u>
<b>Net assets at end of year</b>	<u>\$ 12,214,503</u>	<u>\$ 906,758</u>	<u>\$ 13,121,261</u>

See notes to consolidated financial statements.

**UNITED WAY OF THE MIDLANDS AND SUBSIDIARY  
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED JUNE 30, 2018**

	Other Program Services						Supporting Services				Total	
	Agency Distributions	Special Initiatives	Grants	Communications and Community Relations	Community Impact	Community Resources	Total Other Program Services	Management and General	Campaign	Total Support Services		
Expenditures	\$ 3,344,946	\$ -	\$ 91,280	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,436,226
RFP distributions	33,333	297,181	-	-	-	3,000	7,845	-	-	-	-	338,359
Other payouts	-	13,539	531,607	-	-	-	-	-	-	-	-	545,146
Grants and subcontracts	-	1,008	-	-	-	-	9,624	-	-	-	-	148,603
Community events	-	266,300	911,439	212	4,275	5,137	6,256	1,625	136,346	-	-	1,245,961
Salaries	-	69,661	161,183	63,427	619,397	80,891	763,715	323,036	922,925	-	-	3,187,415
Benefits	-	22,568	71,550	19,617	166,798	26,602	213,017	69,029	220,782	-	-	733,672
Payroll taxes	-	22,518	92,641	5,123	53,403	6,791	65,317	28,179	77,512	-	-	285,126
Professional fees	13,000	10,597	30,800	5,474	55,755	9,467	70,696	45,280	116,420	-	-	360,555
Supplies	-	-	86,502	2,219	8,386	804	11,409	5,590	11,444	-	-	69,840
Dental supplies	-	-	53,412	-	-	-	-	-	-	-	-	86,502
Lab costs	-	-	22,584	375	5,329	552	6,256	2,841	5,871	-	-	53,412
Telephone	-	1,784	-	375	1,179	132	4,038	2,054	2,514	-	-	39,336
Postage	-	414	255	2,727	26,497	2,743	31,105	14,126	29,194	-	-	9,275
Occupancy	-	78,459	138,868	1,865	22,729	1,488	25,229	7,665	15,841	-	-	281,752
Equipment maintenance	-	5,112	3,957	1,012	22,729	1,488	25,229	7,665	15,841	-	-	57,804
Printing	234	5,340	16,557	210,202	4,770	10,450	225,422	1,217	50,899	-	-	299,669
Staff development	241	14,416	12,465	318	21,566	2,501	24,375	7,211	33,124	-	-	91,832
Membership dues	-	842	5,399	177	3,276	566	4,019	1,342	4,128	-	-	15,730
Insurance	-	4,425	3,210	930	13,219	1,368	15,517	7,253	14,564	-	-	44,969
Equipment/building	-	1,131	16,130	238	9,725	350	10,313	1,964	3,722	-	-	33,260
Depreciation	(297)	36,824	130,068	7,744	110,014	11,389	129,147	58,652	121,214	-	-	475,608
Other expenses	-	(3,294)	31,580	19	(21,973)	27	(21,927)	39,207	5,201	-	-	50,767
<b>Totals</b>	<b>\$ 3,391,457</b>	<b>\$ 848,825</b>	<b>\$ 2,411,487</b>	<b>\$ 321,679</b>	<b>\$ 1,109,180</b>	<b>\$ 164,258</b>	<b>\$ 1,595,117</b>	<b>\$ 616,271</b>	<b>\$ 1,771,701</b>	<b>\$ 2,387,972</b>	<b>\$ 44,408</b>	<b>\$ 10,634,858</b>

See notes to consolidated financial statements.



**UNITED WAY OF THE MIDLANDS AND SUBSIDIARY  
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED JUNE 30, 2017**

	Other Program Services										Supporting Services			Total
	Agency Distributions	Special Initiatives	Grants	Communications and Community Relations	Community Impact Councils	Community Resources	Total Other Program Services	Management and General	Campaign	Total Support Services				
Expenditures	\$ 3,340,227	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,340,227
RFP distributions	40,000	829,196	102,050	-	-	-	-	-	-	-	-	-	-	971,246
Other payouts	-	2,063	389,590	-	3,581	-	3,581	-	-	-	-	-	-	395,234
Grants and subcontracts	-	1,764	4,077	1,329	7,245	6,630	15,204	3,327	150,927	-	-	-	-	175,299
Community events	-	273,169	830,145	62,372	653,856	70,996	787,224	327,854	859,873	-	-	-	-	3,078,265
Salaries	-	76,802	166,239	20,643	180,731	25,169	226,543	75,482	249,039	-	-	-	-	794,105
Benefits	-	22,004	65,930	5,089	56,514	5,921	67,524	28,720	71,567	-	-	-	-	255,745
Payroll taxes	-	23,700	54,000	4,808	63,053	12,893	80,754	49,098	103,686	-	-	-	-	311,238
Professional fees	-	15,564	26,956	2,204	14,007	1,314	17,525	9,912	13,290	-	-	-	-	83,247
Supplies	-	-	76,502	-	-	-	-	-	-	-	-	-	-	76,502
Dental supplies	-	-	41,274	-	-	-	-	-	-	-	-	-	-	41,274
Lab costs	-	1,660	21,006	403	5,718	613	6,734	4,004	5,622	-	-	-	-	39,026
Telephone	-	449	370	5,049	1,402	133	6,584	3,285	2,839	-	-	-	-	13,527
Postage	-	69,925	139,161	1,990	28,219	3,024	33,233	15,471	27,786	-	-	-	-	285,576
Occupancy	-	3,766	1,225	784	19,478	1,192	21,454	6,079	10,939	-	-	-	-	43,463
Equipment maintenance	-	5,940	8,936	248,044	7,949	10,065	266,058	2,364	60,559	-	-	-	-	343,857
Printing	-	9,709	20,367	6,355	17,738	3,233	27,326	5,649	32,342	-	-	-	-	95,393
Staff development	-	192	5,640	47	1,431	170	1,648	1,336	2,291	-	-	-	-	11,108
Membership dues	-	3,997	3,077	971	13,766	1,475	16,212	7,742	13,535	-	-	-	-	44,563
Insurance	-	2,878	58,685	(9)	(5,082)	1,050	(4,041)	6,457	9,888	-	-	-	-	73,867
Equipment/building	210	32,636	144,042	7,926	112,400	12,044	132,370	68,326	110,513	-	-	-	-	488,097
Depreciation	-	9,542	29,100	944	(10,921)	1,435	(8,542)	27,407	17,478	-	-	-	-	74,985
Other expenses	-	\$ 1,384,955	\$ 2,188,372	\$ 368,949	\$ 1,171,085	\$ 157,357	\$ 1,697,391	\$ 642,513	\$ 1,742,174	\$ 2,384,688	\$ 11,035,844	\$ 3,380,437	\$ 1,384,955	\$ 11,035,844
<b>Totals</b>														

See notes to consolidated financial statements.

**UNITED WAY OF THE MIDLANDS AND SUBSIDIARY  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
YEARS ENDED JUNE 30, 2018 AND 2017**

	<u>2018</u>	<u>2017</u>
Cash Flows from Operating Activities		
Change in net assets	\$ (781,294)	\$ (184,360)
Adjustments to reconcile changes in net assets to net cash		
Provided by (used in) operating activities:		
Depreciation	475,608	488,097
Reversal of allowance for uncollectible pledges	(12,049)	29,326
Unrealized (gain) loss on investments	4,639	(48,362)
Loss on disposal of property and equipment	3,460	13,335
(Increase) decrease in current assets		
Annual campaign pledges receivable	918,788	138,732
Capital campaign pledges receivable	158,296	224,905
Grants receivable	12,418	(129,728)
Designation processing income receivable	3,418	(14,278)
Other receivables	2,569	439
Prepaid expenses	85,239	70,297
Increase (decrease) in current liabilities		
Designations and grants payable	(852,105)	92,892
Accounts payable	(3,680)	(688,595)
Special funds held for agencies	17,104	120,292
Other liabilities	(64,325)	34,485
<b>Net cash provided by (used in) operating activities</b>	<u>(31,914)</u>	<u>147,477</u>
Cash Flows from Investing Activities		
Purchases of investments	(97,025)	(226,625)
Proceeds from sale of property and equipment	-	886
Purchases of property and equipment	(37,494)	(2,089,567)
<b>Net cash (used in) investing activities</b>	<u>(134,519)</u>	<u>(2,315,306)</u>
<b>Net (decrease) in cash</b>	<b>(166,433)</b>	<b>(2,167,829)</b>
Cash		
Beginning	<u>2,496,085</u>	<u>4,663,914</u>
<b>Ending</b>	<u>\$ 2,329,652</u>	<u>\$ 2,496,085</u>

See notes to consolidated financial statements.

# UNITED WAY OF THE MIDLANDS AND SUBSIDIARY NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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## NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Reporting Entity:

United Way of the Midlands (Organization) is a nonprofit corporation, founded in 1925, that is governed by a volunteer Board of Directors (Board) which consists of diverse local area leadership. The Board is supported by various committees that have oversight over different aspects of the Organization's operations; including finance, resource development, community impact, and communications. The current mission of the Organization is to determine, and respond to, the critical health and human service needs of the six counties (Richland, Lexington, Newberry, Fairfield, Orangeburg, and Calhoun) in the Midlands area of South Carolina. The Organization conducts an annual fundraising campaign throughout the midlands area to raise funds through corporate and individual pledges and gifts. Campaign funds are raised for the purpose of funding specific grant requests from affiliated local agencies that will have the greatest, measurable impact on the quality of health and human services in the midlands. The organization also works in collaboration with others to leverage community impact resources for the purpose of obtaining grants from various funding sources that support the health and human services needs of the area.

Fundraising campaigns are conducted in the fall of each year to fund programs offered through participating agencies in the subsequent calendar year. The Organization is dependent upon undesignated contributions from corporate and individual donors to this campaign to support its program services. The level of such contributions can be affected by economic conditions and other factors. In addition, the choice on the part of some donors to designate their gifts to specific agencies can result in reduced funding available for grant making, grant matching and leveraging grants, and other initiatives that might be undertaken consistent with the mission of the organization. A decrease in undesignated contributions could adversely affect the Organization's ability to raise funds, maintain infrastructure, provide services, and to invest funds in social service agencies' programs.

The Organization's Community Impact program areas include: 1) Financial Stability which focuses on helping low income individuals and families increase their income to meet basic needs as well as to begin the long-term process of saving and building assets. UWM also provides leadership in reducing homelessness including data management and grant development for the local homeless coalition. The Organization also provides support through other organizations for those in crisis and assists others in critical areas such as free income tax preparation. 2) Education Initiatives include projects such as the Midlands Reading Consortium and other programs, which bring volunteers, and funding together to help at-risk students improve reading skills, academic success, and education levels. This would include supporting after school reading programs, increasing parental involvement and other programs focused on mentoring and assisting at-risk youth. 3) Health Initiatives help ensure access to health care and promote wellness. Funds in this area promote enrollment for uninsured individuals in plans that address chronic disease and primary care management, free dental treatment for children and uninsured adults. UWM also funds programs that provide meals for seniors.

# UNITED WAY OF THE MIDLANDS AND SUBSIDIARY NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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## NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### **Reporting Entity (Continued):**

In the prior fiscal year, as part of its fundraising activities, the Organization served as the Principal Combined Fund Organization (PCFO) to manage the 23 counties throughout the state of South Carolina referred to as the Palmetto State Combined Federal Campaign (CFC) under the direction and control of the Federal Executive Committee. Beginning with the 2017 CFC campaign, the Organization no longer served as the PCFO. Therefore, the accompanying financial statements reflect the total campaign production for the Organization and the Combined Federal Campaign on the 2016-17 statements, but the 2017-18 statements reflect only the campaign production of the Organization. The Organization also participates and is the lead fundraiser for the South Carolina employee fundraising campaign.

### **Community Partners of the Midlands, LLC DBA WellPartners:**

During fiscal 2012/2013, Family Service Center of South Carolina, an agency who received grant funding from the United Way of the Midlands, declared bankruptcy. A portion of the work performed by this agency was the providing of and children's free dental services and eye care. In order to prevent the loss of the services provided by this portion of the agency's work, the United Way of the Midlands formed Community Partners of the Midlands, LLC DBA WellPartners (Community Partners), a wholly owned subsidiary of the United Way of the Midlands. This organization is funded primarily by grants from United Way of the Midlands, Palmetto Health, and Lexington Medical Center to Community Partners.

Community Partners was formed for the purpose of providing free and/or low-cost dental and vision care to indigent children and adults living in the Midlands region of South Carolina. The Children's Volunteer Program works to provide comprehensive dental care for children ages 5 through 18 years of age attending SC schools in the seven districts located in Richland and Lexington Counties. 100% of dental services are provided free-of-charge by volunteer dentists and hygienists to children enrolled in their school's Free or Reduced Lunch Program, and do not receive Medicaid or dental insurance benefits. During the school year, working four half days per week, we provide a dental home for children of uninsured, under-served families. Community Partners of the Midlands, LLC provides the same dental services found in our community general or pediatric dental offices. From July 2017 through June 2018, our Children's Program in Richland and Lexington Counties served 886 individual children with the support of more than 200 volunteer dentists. The Richland and Lexington Adult Dental Program, which works to address dental emergencies and improve the oral health of uninsured, underserved adults over the age of 18, provides free dental care. The Lexington Adult dental clinic, with the support of core part-time Dental Team, is in operation one and one half days per week. The Richland dental clinic transitioned to full-time in February 2016, with a full-time staff of three. From July 2017 through June 2018, the Adult Program served 4,224 individual adults. In addition, 1426 people received eye care services and/or corrective lenses from the vision clinic.

# UNITED WAY OF THE MIDLANDS AND SUBSIDIARY NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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## NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### **Consolidation policy:**

The consolidated financial statements for the year ended June 30, 2018, include the accounts of the parent company, United Way of the Midlands and its wholly owned subsidiary, Community Partners of the Midlands, LLC, herein collectively referred to as "the Organization". All material intercompany balances and transactions have been eliminated in consolidation.

### **Combined Federal Campaign:**

In the prior fiscal year, the Office of Personnel Management contracted with the Organization to manage the campaign and administer the funds of the CFC. Beginning in 2017-18, the Organization no longer managed the CFC campaign. In accordance with United Way Worldwide's revised Financial Statement Standards (Requirement H) campaign results of CFC are included in the gross campaign results of the Organization for the prior year. As the Organization did not run the 2017 CFC campaign, 2017-18 statements reflect only campaign results for the Organization.

### **Compliance:**

The Organization is certified in compliance with all Membership requirements promulgated by United Way Worldwide. Included in these are compliance in the areas of governance, accounting standards and presentation, and Requirement M, which governs the organizations handling of designation payments. The Organization pledges its commitment and is in full compliance with Requirement M. This supplement, promulgated in 2004 and 2005 by United Way Worldwide, governs the calculation of Cost Recovery Rates and the timing of notifications and designation payouts. The organization meets or exceeds these standards in all instances. The Organization's calculation of Cost Recovery Rates is verifiable based on the audited 990 results available to the public. The Cost Recovery Rate consists of a three-year moving average rate that is disclosed to United Way Worldwide, donors, and all organizations receiving designations. Organizations receiving designations receive full reporting on donors designating to their organization, including amounts pledged, collected, and paid.

### **Accounting method:**

The Organization uses the accrual method of accounting reflecting income earned regardless of when received and expenses incurred regardless of when paid.

### **Display of net assets by class:**

The Organization adheres to the disclosure and display requirements of Accounting Standards Codification 958 Not-For-Profit. ASC 958 establishes standards for external financial reporting by non-profit organizations and requires that unconditional promises to give (pledges) be recorded as receivables and revenues and requires that the resources be classified for accounting and reporting purposes into three net asset categories as follows:

# UNITED WAY OF THE MIDLANDS AND SUBSIDIARY NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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## NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Display of net assets by class (Continued):

#### Unrestricted net assets:

Net assets that are not subject to donor-imposed restrictions. These net assets, including Board designated, are legally unrestricted and can be used in any Organization activity.

#### Temporarily restricted net assets:

Net assets subject to donor-imposed restrictions that may or will be met either by actions of the Organization and/or the passage of time.

#### Permanently restricted net assets:

Net assets subject to donor-imposed stipulations that neither expire by the passage of time nor can be fulfilled or otherwise removed by actions of the Organization. The restrictions stipulate that the net assets be maintained permanently by the Organization but permit the Organization to expend all or part of the income generated in accordance with the provisions of the agreement. The Organization had no permanently restricted net assets as of June 30, 2018 and 2017.

To insure observance of limitations and restrictions placed on the use of resources available to the Organization, the accounts of the Organization are maintained in accordance with the principles of fund accounting. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into funds established according to their nature and purposes.

#### Use of Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

#### Contributions:

Gifts of cash and other assets are presented as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

# UNITED WAY OF THE MIDLANDS AND SUBSIDIARY NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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## NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### **Contributions (Continued):**

Unconditional promises to give are recognized when the promises are received, and allowances are provided for promises estimated by management to be collectible. Unconditional promises due within the next fiscal year are reflected as current receivables, while promises due after one year are reflected as long-term receivables. Conditional promises to give are recorded as refundable advances and are not included as support until the conditions are substantially met.

Gifts of land, buildings, and equipment are presented as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

### **Cash and Cash Equivalents:**

The Organization considers all cash accounts, which are not subject to withdrawal restrictions or penalties, and all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. The carrying amount of cash equivalents approximates fair value.

### **Allowance for Uncollectible Receivables and Pledges:**

The allowance for uncollectible pledges has been established to value pledges at their estimated net realizable value. The estimated allowances have been calculated based on management's judgment of prior collection history and other analysis of individual pledges and are applied to the gross campaign net of direct paid designations. Annual pledges not collected after 18 months are written off against the allowance.

### **Investments:**

Investments are stated at aggregate current market value, as determined by the last reported sales price on the last business day of the fiscal year. Increases or decreases in market value are recognized as income or losses in the period in which they occur. Appreciation (depreciation) in fair value of investments represents an aggregate of increases (decreases) in the market value of investments held throughout the year and the difference between net purchase price and end of the year market value for investments purchased during the year.

### **Investment in Plant:**

Expenditures for the acquisition of property and equipment in excess of \$500 are capitalized at cost. Donations of property and equipment are recorded as support unless the donor has restricted the donated asset for a specific purpose. Depreciation is calculated using the straight-line method over the following estimated useful lives:

# UNITED WAY OF THE MIDLANDS AND SUBSIDIARY NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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## NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Investment in Plant (Continued):

	<u>Years</u>
Buildings	20 - 40
Leasehold improvements	5 - 20
Furniture and equipment	5 - 7
Computer software	5

### Compensated Absences:

The Organization's employees are entitled to accrue and carry forward annual leave subject to a maximum number of hours and length of employee service. Prior year leave that is carried forward to the next year must be used by December 31 of that year. Any leave that was carried forward from the prior year that is still left at December 31 of the current year is forfeited.

### Allocation of Functional Expenses:

The costs of providing the Organization's programs have been summarized in the statement of functional expenses. Costs that can be directly attributed to a particular function are charged to that function. Certain costs have been allocated among more than one program or activity based on objectively evaluated financial and non-financial data or reasonable subjective methods determined by management. These allocations are consistent with "Overhead Allocation" guidelines approved by the Financial Issues Committee of United Way Worldwide.

### Donated Services and In-Kind Contributions:

A large number of volunteers donate substantial amounts of time toward the annual campaign and the various community activities; however, donated services are only recognized if they require specialized skills, are provided by those individuals or companies that possess those skills, and would need to be purchased if they were not donated, in accordance with the *Not-for-Profit Revenue Recognition* topic of the Financial Accounting Standards Board Accounting Standards Codification (FASB ASC).

Donated property and other in-kind contributions are recognized in the financial statements at fair market value when received. The Organization received donated services and in-kind contributions of approximately \$283,956 for the year ended June 30, 2018, and \$339,140 for the year ended June 30, 2017.

### Fundraising Costs:

The Organization expenses all fundraising costs as they are incurred.



# UNITED WAY OF THE MIDLANDS AND SUBSIDIARY NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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## NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### **Advertising Expenses:**

The Organization expense advertising costs as they are incurred. Advertising costs were approximately \$205,970 for the year ended June 30, 2018, and \$238,000 for the year ended June 30, 2017.

During fiscal year, 2014/2015 United Way Worldwide (UWW) recommended that each local United Way should begin recording its pro-rata share of donated national advertising from the National Football League, the Ad Council and other organizations, received by UWW on behalf of the member United Ways. The Organization's share of in-kind national advertising totaled \$88,687 for the year ended June 30, 2018, and \$126,172 for the year ended June 30, 2017.

### **Income Taxes:**

The Organization is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code. However, the Organization is subject to federal income taxes on unrelated business income. The Organization had no unrelated business income from the rent of office space to a for-profit organization for the years ended June 30, 2018 and 2017. Therefore, no provision for income taxes was made.

Management has evaluated the Organization's tax positions and concluded that the Organization had taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance.

### **Concentration of Risk:**

*Cash and cash equivalents:* The Organization maintains its cash in cash deposit accounts, which at times during the year may exceed amounts covered by insurance provided by the U.S. Federal Deposit Insurance Corporation (FDIC). The Organization has not experienced any losses in such accounts and feels the commercial banks they use are financially sound. The organization's cash balances exceeded the FDIC limit by \$1,808,044 at June 30, 2018, and \$1,620,799 at June 30, 2017. The Organization does not believe it is exposed to any significant risk on its cash balances.

*Investments:* The Organization maintains its investments with a brokerage firm, which at times during the year may exceed amounts covered by insurance provided by the U.S. Securities Investment Protection Corporation (SIPC). The Organization's investment balances exceeded that limit by approximately \$867,000 at June 30, 2018, and \$806,000 at June 30, 2017.

# UNITED WAY OF THE MIDLANDS AND SUBSIDIARY NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

## NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Concentration of Risk (Continued):

*Pledges receivable/revenue:* Substantially all pledges receivable and revenues are from individuals, businesses, or nonprofit organizations in Columbia, South Carolina and surrounding areas. Pledges receivable from one company equaled approximately 34% of net campaign pledges receivable at June 30, 2018, and 26% at June 30, 2017.

Pledge revenues from one company totaled approximately 17% of total revenues and 23% of gross campaign revenues for the year ended June 30, 2018. Pledge revenues from the same company's corporate, payroll, and individual giving equaled approximately 15% of total revenues and 19% of gross campaign revenues for the year ended June 30, 2017.

## NOTE 2. ANNUAL CAMPAIGN PLEDGES RECEIVABLE

Campaign pledges receivable as of June 30, 2018 and 2017 are summarized as follows:

	<b>2018 Net Pledges Due in Less than one year</b>	<b>2017 Net Pledges Due in Less Than One Year</b>
Campaign pledges receivable:		
2015 United Way Campaign	\$ -	\$ 2,858
2016 United Way Campaign	2,091	3,708,525
2017 United Way Campaign	3,198,235	
2018 United Way Campaign	1,008	-
	<b>3,201,334</b>	<b>3,711,383</b>
Other pledges receivable:		
Palmetto State combined Federal Campaign	-	396,690
	<b>\$ 3,201,334</b>	<b>\$ 4,108,073</b>

The allowance for doubtful accounts was approximately \$716,600 at June 30, 2018, and \$728,600 at June 30, 2017. Pledges were discounted by the allowance for doubtful accounts. The allowance is calculated based on management's judgment of prior collection history and other analysis of individual pledges.

Donors may choose to designate all or part of their contributions to specific charitable organizations. These transactions are reported in the statement of activities as part of the current year United Way of the Midlands Annual Campaign and are then deducted as amounts designated to other organizations to arrive at net campaign revenue. Amounts so deducted are carried as liabilities until paid to the designated charitable organization. Also, donor designated pledges are assessed *both* a fundraising and a management and general fee based on actual historical costs in accordance with United Way Worldwide Membership Requirements as outlined in their publication titled "United Way Worldwide Cost Deduction Standards for Membership Requirement M."

# UNITED WAY OF THE MIDLANDS AND SUBSIDIARY NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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## NOTE 3. CAPITAL CAMPAIGN PLEDGES RECEIVABLE

The Organization started a capital campaign in fiscal year 2014-2015 to raise money for its new building. The capital campaign contributions are presented as temporarily restricted net assets.

Capital campaign pledges receivable as of June 30, 2018, are summarized as follows:

2019 \$ 52,500

Capital campaign pledges expected to be collected within one year are recorded at their net realizable value. Pledges that are expected to be collected in future years are discounted to net present value of \$- for the year ended June 30, 2018, and \$1,021 for the year ended June 30, 2017. The interest rate used in computing the discount was 2%. Management believes it will collect all of the capital campaign pledges receivable and has determined that an allowance for doubtful accounts is not necessary.

## NOTE 4. RESERVE FUND

The Board of Directors has designated an operating reserve fund at the Organization. The purpose of this fund is to reserve for future cash shortfalls or operating needs. The Board has approved a reserve fund policy for governing these funds. According to the reserve fund policy, the Board must approve any withdrawal or replenishment of the funds. It also sets a required fund balance at 25% of operating expenses expected in the following fiscal year. Furthermore, investments in the reserve fund are invested according to the Organization's investment policy (see Note 5). The fund balance was approximately \$143,827 over the required level at June 30, 2018, based on the 2018 - 2019 budget, and approximately \$47,270 under the required level at June 30, 2017, based on the 2017 - 2018 budget. The Board has approved a transfer of funds in 2017 - 2018 to bring the operating reserve balance to the required amount.

The reserve fund was made up of the following at June 30, 2018 and 2017:

	<b>2018</b>	2017
Cash and cash equivalents	\$ <b>556,016</b>	\$ 558,169
Investments	<b>1,341,449</b>	1,262,294
Investments - other	<b>268,356</b>	294,503
<b>Total reserve funds</b>	<b>2,165,821</b>	2,114,966
 Capital Reserve Fund		
Investments	<b>35,165</b>	35,134
 <b>Total Board-designated</b>	<b>\$ 2,200,986</b>	\$ 2,150,100

# UNITED WAY OF THE MIDLANDS AND SUBSIDIARY NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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## NOTE 4. RESERVE FUND (CONTINUED)

In 2016-2017, the Board of Directors designated a capital reserve fund for the purpose of ensuring sufficient funds are available for capital expenditures needed to maintain the Organization's facilities and property. A policy was established for governing these funds. According to the policy, the Organization shall endeavor to contribute \$35,000, or amount the Finance Committee deems appropriate, to the Capital Reserve Fund annually until the targeted reserve of \$600,000 is achieved. Investments in the capital reserve fund are invested according to the Organization's investment policy. No contribution was made for fiscal year 2017-2018.

## NOTE 5. INVESTMENTS

The Organization's investment decisions are managed pursuant to a board approved investment policy. All brokerage and banking institutions managing the Organization's investments were provided copies and have agreed to abide by this policy. The policy restricts investments to fixed income investments consisting of certificates of deposit, money market funds, guaranteed government securities, and AA rated or above commercial paper with an average maturity of less than three years.

Short-term investments are carried at fair value, which approximates cost in accordance with the Not-for-Profit Entities - Investments - Debt and Equity Securities topic of the FASB ASC.

Investments consist of certificates of deposit and corporate bonds, which are carried at the quoted market value of the securities as of the last business day of the reporting year. Investment income or loss (including realized gains and losses on investments, interest, and dividends) is included in the change of net assets in the accompanying statement of activities.

The following is a summary of the market value of investments as of June 30, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Certificates of deposits	\$ 268,356	\$ 269,503
Government bonds	-	25,000
Corporate bonds	<u>1,376,613</u>	<u>1,307,360</u>
<b>Totals</b>	<u><u>\$ 1,644,969</u></u>	<u><u>\$ 1,601,863</u></u>

# UNITED WAY OF THE MIDLANDS AND SUBSIDIARY NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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## NOTE 5. INVESTMENTS (CONTINUED)

The following schedule summarizes the investment return on non-endowed investments, for the years ended June 30, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Interest and dividends	\$ 40,288	\$ 38,150
Unrealized gains (losses)	(37,312)	(19,640)
<b>Totals</b>	<u>\$ 2,976</u>	<u>\$ 18,510</u>

CD's with original maturities greater than three months and remaining maturities less than one year are classified as short-term while those with remaining maturities greater than one year are classified as long-term. CD's are reported at cost plus any accrued interest through the reporting date.

Investment securities are exposed to various risks, such as interest rate, market and credit risk. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in risks in the near term would materially affect the amounts reported in the statement of financial position.

Investment fees of \$65 were incurred for the years ending June 30, 2018 and 2017, and are included in management and general expense in the accompanying consolidated statements of activities.

## NOTE 6. FAIR VALUE MEASUREMENTS

The Organization adheres to the *Fair Value Measurements and Disclosures* topic of the FASB ASC 820, which defines fair value, establishes a consistent framework for measuring fair value, and expands disclosure requirements about fair value measurements. Topic 820 requires, among other things, the Organization to maximize the use of observable inputs and minimize the use of unobservable inputs in its fair value measurement techniques.

Topic 820 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Topic 820 also establishes a fair value hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

The standard describes three levels of inputs that may be used to measure fair value:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities traded in active markets.

# UNITED WAY OF THE MIDLANDS AND SUBSIDIARY NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

## NOTE 6. FAIR VALUE MEASUREMENTS (CONTINUED)

Level 2 Inputs to the valuation methodology included quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in inactive markets, inputs other than quoted process that are observable for the assets or liability, and inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the assets or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the assets or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Cash and cash equivalents, accounts receivable, and pledges receivable due in less than one year are stated at the carrying amounts, which approximate the fair value because of the short maturity of these instruments. Pledges receivable due in more than one year are discounted to net present value.

Financial assets measured at fair value on a recurring basis are as follows:

	June 30, 2018			
	Level 1	Level 2	Level 3	Total
Assets				
Corporate bonds	\$ -	\$ 1,376,613	\$ -	\$ 1,376,613
Certificates of deposit	268,356	-	-	268,356
Endowed funds	-	-	898,448	898,448
<b>Totals</b>	<b>\$ 268,356</b>	<b>\$ 1,376,613</b>	<b>\$ 898,448</b>	<b>\$ 2,543,417</b>
	June 30, 2017			
	Level 1	Level 2	Level 3	Total
Assets				
Corporate bonds	\$ -	\$ 1,307,360	\$ -	\$ 1,307,360
Government bonds	25,000	-	-	25,000
Certificates of deposit	269,503	-	-	269,503
Endowed funds	-	-	849,168	849,168
<b>Totals</b>	<b>\$ 294,503</b>	<b>\$ 1,307,360</b>	<b>\$ 849,168</b>	<b>\$ 2,451,031</b>

**UNITED WAY OF THE MIDLANDS AND SUBSIDIARY  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

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**NOTE 6. FAIR VALUE MEASUREMENTS (CONTINUED)**

The Endowed Fund at the Central Carolina Community Foundation ("CCCF") classified as Level 3, consists of long-term investments held by third party (see note 7). Management estimates the investment's fair value using information supplied by the third-party. However, the third-party information supplied does not describe the underlying investments that make up the Organization's funds. As a result, no observable inputs are present in order for the Organization's management to assess fair value. The Endowed Fund at CCCF had the following activity during the years ended June 30, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Beginning Balance	\$ 849,168	\$ 669,530
Interest income	27,633	23,346
Realized gains	30,575	5,597
Unrealized gains	2,098	62,405
Management fees	(9,800)	(8,335)
Deposits and withdrawals, net	(1,226)	96,625
<b>Ending balance</b>	<b><u>\$ 898,448</u></b>	<b><u>\$ 849,168</u></b>

**NOTE 7. ENDOWMENTS**

The Organization has transferred funds it has received over the years to two accounts at CCCF and acts as a quasi-endowment. These funds are invested by CCCF and are presented at market value, which was \$898,448 as of June 30, 2018, and \$849,168 as of June 30, 2017. Each year CCCF allots a certain amount of the original investment, which may be withdrawn by the Organization. The Organization withdrew \$13,000 in 2018 and \$15,000 in 2017.

**NOTE 8. PROPERTY AND EQUIPMENT**

Property and equipment consists of the following as of June 30, 2017 and 2016:

	<u>2018</u>	<u>2017</u>
Land	\$ 534,447	\$ 534,447
Buildings and Improvements	4,791,354	4,795,450
Furniture and equipment	1,829,864	1,882,108
Computer software	149,925	366,604
	<u>7,305,590</u>	<u>7,578,608</u>
Less: accumulated depreciation	(1,600,097)	(1,431,540)
<b>Property and equipment, net</b>	<b><u>\$ 5,705,493</u></b>	<b><u>\$ 6,147,069</u></b>

# UNITED WAY OF THE MIDLANDS AND SUBSIDIARY NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

## NOTE 9. LINE OF CREDIT

At July 1, 2017, the Organization has a \$1,000,000 line of credit agreement with a commercial bank. There are no borrowings against the line at June 30, 2018 and 2017. Interest on the outstanding balance is due monthly at the 30-day LIBOR plus 1.5% per annum. The line of credit is unsecured. The line expired December 15, 2017. It was renewed December 14, 2017 for \$1,000,000 until December 15, 2018.

## NOTE 10. ASSETS RELEASED FROM DONOR RESTRICTIONS

Temporarily restricted net assets released from program restrictions consisted of the following during the years ended June 30, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Time Restriction		
Annual campaign pledges	\$ 7,006,257	\$ 7,672,950
Purpose Restriction		
Special campaign for new building	161,816	227,834
Grants and other programs	<u>1,961,054</u>	<u>1,487,273</u>
<b>Total net assets released from restrictions</b>	<b><u>\$ 9,129,127</u></b>	<b><u>\$ 9,388,057</u></b>

Temporarily restricted net assets were available for the following purposes at June 30, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Time Restriction		
Future campaign's income	\$ 2,888	\$ 3,310
Purpose Restriction		
Capital campaign for new building	52,500	210,795
Community partners dental	145,552	212,387
Flood Relief Fund	120,515	266,279
Strengthening partnerships	9,192	21,943
Midlands Eye Care	9,851	99,140
UWW - County Health Rankings	18,000	18,000
Healthy SC initiatives	105	105
Vitamin D program	72	72
Youth in Transition	7,413	7,606
Eat Smart Move More SC	-	20,370
BB&T Expanded Youth Support Grant	46,447	-
BlueCross BlueShield Grant	-	6,062
Other grants and initiatives	<u>57,947</u>	<u>40,689</u>
<b>Total temporarily restricted net assets</b>	<b><u>\$ 470,482</u></b>	<b><u>\$ 906,758</u></b>



# UNITED WAY OF THE MIDLANDS AND SUBSIDIARY NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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## **NOTE 11. BENEFIT PLAN**

The Organization provides a 401(k) plan for all eligible employees. To be eligible to participate in the Plan, employees must be at least 21 years of age. The Organization will make a matching contribution up to 6% based upon the participating employee's base salary and may make an additional safe harbor contribution of 3% of the participant's compensation. Contributions totaled \$202,189 for the year ended June 30, 2018, and \$182,338 for the year ended June 30, 2017.

## **NOTE 12. INCENTIVE COMPENSATION PLAN**

The Board of Directors approved an incentive compensation payment plan, first adopted in 2008, for all of the employees of the Organization who qualify. The incentive pay is based on reaching Board-approved organizational and departmental goals that are developed at the beginning of each fiscal year. Incentive payments totaled \$71,375 for the year ended June 30, 2018, and \$98,289 for the year ended June 30, 2017, as a result of the attainment of all or a portion of these goals.

## **NOTE 13. RELATED PARTY TRANSACTIONS**

As part of the 2016 CFC, various federal agencies in South Carolina receive pledges from federal employees in South Carolina. These agencies in turn remitted the pledges collected to the Palmetto State Combined Federal Campaign. The Organization is honored designations made through these pledges to its member organizations.

The Organization, acting as the Principal Combined Fund Organization (PCFO), is reimbursed by the CFC for all expenses incurred for the administration of the CFC. The CFC owed the Organization \$- as of June 30, 2018, and \$82,355 as of June 30, 2017. The Organization also had prepaid expenses totaling \$- related to the 2017 CFC campaigns as of June 30, 2017. Pledge revenues from the CFC that were designated to the Organization totaled \$ -0 for the year ended June 30, 2018, and \$111,116 for the year ended June 30, 2017. Beginning with the 2017 CFC campaign, the Organization no longer served as the PCFO.

The Organization paid quarterly dues to the United Way Worldwide, its national affiliate, and United Way Association of South Carolina, its state affiliate, of \$160,375 for the year ended June 30, 2018, and \$167,347 for the year ended June 30, 2017.

The Organization awarded a grant to another organization whose CEO serves on the Board of Directors. The Board approved the grant, with the related Board member abstaining from the vote. The total amount paid and accrued to the related organization was \$477,877 for the year ended June 30, 2018, and \$481,956 was payable at June 30, 2017.

A Board member's immediate family member is the CEO and owner of a real estate company (Company) which, through a bidding process, engaged the Company's wholly owned subsidiary to manage construction project of 1818 Blanding beginning in 2014-15 fiscal year. The Organization paid no management fees for the year ended June 30, 2018, and \$4,963 for the year ended June 30, 2017. The Construction was completed September 2016.

# UNITED WAY OF THE MIDLANDS AND SUBSIDIARY NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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## **NOTE 13. RELATED PARTY TRANSACTIONS (CONTINUED)**

Several Board members are executives in insurance companies that the Organization purchases insurance products from at the prevailing market rate. The total premiums paid for group health insurance coverage were \$386,123 and total premiums paid for other insurance products were \$50,270 for the year ended June 30, 2018.

## **NOTE 14. FEDERAL AND STATE CONTRACTS**

Expenditures related to federal and state contracts are subject to adjustment based upon review by the granting agencies. It is management's assessment that the amounts, if any, of expenditures, which may be disallowed, would not have a material effect on the Organization's financial position.

## **NOTE 15. SUBSEQUENT EVENTS**

The Organization has performed an evaluation of subsequent events through October 26, 2018, which is the date the financial statements were issued, noting no additional events which affect the financial statements as of June 30, 2018.

**UNITED WAY OF THE MIDLANDS AND SUBSIDIARY  
CONSOLIDATING STATEMENT OF FINANCIAL POSITION  
YEAR ENDED JUNE 30, 2018**

	United Way	Community Partners	Eliminations	Consolidated
<b>ASSETS</b>				
Current Assets				
Cash and cash equivalents	\$ 1,988,496	341,156	-	\$ 2,329,652
Investments - others	1,644,969	-	-	1,644,969
Annual campaign pledges receivable (net of allowance of \$ 716,556 for 2018)	3,201,334	-	-	3,201,334
Capital campaign receivable	52,500	-	-	52,500
Grants receivable	270,282	163,150	(163,150)	270,282
Designations processing income receivable	129,305	-	-	129,305
Other receivables	16,733	-	(3,028)	13,705
Prepaid expenses	73,528	-	-	73,528
<b>Total current assets</b>	<u>7,377,147</u>	<u>504,306</u>	<u>(166,178)</u>	<u>7,715,275</u>
Non-Current Assets				
Property and equipment, net	4,966,390	739,103	-	5,705,493
Capital campaign receivable	-	-	-	-
Investments - other	898,448	-	-	898,448
Endowed funds	5,864,838	739,103	-	6,603,941
<b>Total non-current assets</b>				
<b>Total assets</b>	<u>13,241,985</u>	<u>1,243,409</u>	<u>(166,178)</u>	<u>14,319,216</u>
<b>LIABILITIES AND NET ASSETS</b>				
Current Liabilities				
Designations payable	1,010,197	-	-	1,010,197
Accounts payable	146,527	48,374	(3,028)	191,873
Special funds held for agencies	323,738	-	-	323,738
Compensation related benefit payable	142,174	-	-	142,174
Deferred revenue	5,000	-	-	5,000
Grants payable	469,417	-	(163,150)	306,267
<b>Total current liabilities</b>	<u>2,097,053</u>	<u>48,374</u>	<u>(166,178)</u>	<u>1,979,249</u>
Net Assets				
Unrestricted	8,655,132	1,013,367	-	9,668,499
Undesignated	2,200,986	-	-	2,200,986
Board designated	288,814	181,668	-	470,482
Temporarily restricted	11,144,932	1,195,035	-	12,339,967
<b>Total net assets</b>				
<b>Total liabilities and net assets</b>	<u>\$ 13,241,985</u>	<u>\$ 1,243,409</u>	<u>\$ (166,178)</u>	<u>\$ 14,319,216</u>

**UNITED WAY OF THE MIDLANDS AND SUBSIDIARY**  
**CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGES IN UNRESTRICTED NET ASSETS**  
**YEAR ENDED JUNE 30, 2018**

	Unrestricted			Total Unrestricted
	United Way	Community Partners	Eliminations	
Revenues and Other Support				
Gross campaign results prior years (2017)	\$ 198,500	\$ -	\$ -	\$ 198,500
Plus, donor designations	133,234	-	-	133,234
Less, provision for uncollectible pledges	(77,925)	-	-	(77,925)
<b>Net campaign revenue prior years</b>	<u>253,809</u>	<u>-</u>	<u>-</u>	<u>253,809</u>
Gross campaign results 2016	-	-	-	-
Less, donor designations	-	-	-	-
Less, provision for uncollectible pledges	-	-	-	-
<b>Net campaign revenue 2016</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Gross campaign revenue	<u>253,809</u>	<u>-</u>	<u>-</u>	<u>253,809</u>
Grants	91,288	562,500	(562,500)	91,288
Sponsorship	144,550	-	-	144,550
Accounting services income	238,155	-	-	238,155
Contracts	73,736	9,396	-	83,132
Building rent income	57,885	-	-	57,885
Gift in kind	145,087	138,868	-	283,955
Investment income	67,921	-	-	67,921
Loss on investments	(4,639)	-	-	(4,639)
Loss on asset disposal	(3,460)	-	-	(3,460)
Special event revenue	24,820	-	-	24,820
Miscellaneous income	81,401	6,061	(3,790)	83,672
Capital campaign income released from restrictions	161,816	-	-	161,816
Annual campaign income released from restrictions	7,006,257	-	-	7,006,257
Grant funds released from restrictions	1,935,785	535,835	(510,566)	1,961,054
<b>Total revenues and other support</b>	<u>10,274,411</u>	<u>1,252,660</u>	<u>(1,076,856)</u>	<u>10,450,215</u>
Expenses				
Gross funds awarded	6,883,218	-	(562,500)	6,320,718
Less, donor designations	(2,080,436)	-	-	(2,080,436)
<b>Net funds awarded</b>	<u>4,802,782</u>	<u>-</u>	<u>(562,500)</u>	<u>4,240,282</u>
Grants	1,644,099	1,281,744	(514,356)	2,411,487
Other program services	1,595,117	-	-	1,595,117
<b>Total program services</b>	<u>8,041,998</u>	<u>1,281,744</u>	<u>(1,076,856)</u>	<u>8,246,886</u>
Supporting services	2,339,586	48,386	-	2,387,972
<b>Total functional expenses</b>	<u>10,381,584</u>	<u>1,330,130</u>	<u>(1,076,856)</u>	<u>10,634,858</u>
United Way dues	160,375	-	-	160,375
<b>Total expenses</b>	<u>10,541,959</u>	<u>1,330,130</u>	<u>(1,076,856)</u>	<u>10,795,233</u>
<b>(Decrease) in net assets</b>	<u>(267,548)</u>	<u>(77,470)</u>	<u>-</u>	<u>(345,018)</u>
Net assets at beginning of year	<u>11,123,666</u>	<u>1,090,837</u>	<u>-</u>	<u>12,214,503</u>
<b>Net assets at end of year</b>	<u>\$ 10,856,118</u>	<u>\$ 1,013,367</u>	<u>\$ -</u>	<u>\$ 11,869,485</u>

**UNITED WAY OF THE MIDLANDS AND SUBSIDIARY  
CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGES IN  
TEMPORARILY RESTRICTED NET ASSETS  
YEAR ENDED JUNE 30, 2018**

	Temporarily Restricted			Total Unrestricted
	United Way	Community Partners	Eliminations	
Revenues and Other Support				
Gross campaign results prior years	\$ -	\$ -	\$ -	\$ -
Plus, donor designations	-	-	-	-
Less, provision for uncollectible pledges	-	-	-	-
<b>Net campaign revenue prior years</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Gross campaign results 2017	9,954,149	-	-	9,954,149
Less, donor designations	(2,213,671)	-	-	(2,213,671)
Less, provision for uncollectible pledges	(716,556)	-	-	(716,556)
Capital campaign results (net of discount to NPV)	3,521	-	-	3,521
Flood relief fund	150,050	-	-	150,050
<b>Net campaign revenue</b>	<u>7,177,493</u>	<u>-</u>	<u>-</u>	<u>7,177,493</u>
Grants	1,503,318	510,566	(510,566)	1,503,318
Capital campaign income released from restrictions	(161,816)	-	-	(161,816)
Annual campaign income released from restrictions	(7,006,257)	-	-	(7,006,257)
Grant funds released from restrictions	(1,935,785)	(535,835)	510,566	(1,961,054)
Miscellaneous Income	12,040	-	-	12,040
<b>Total revenues and other support</b>	<u>(411,007)</u>	<u>(25,269)</u>	<u>-</u>	<u>(436,276)</u>
<b>(Decrease) in net assets</b>	(411,007)	(25,269)	-	(436,276)
Net assets at beginning of year	<u>699,821</u>	<u>206,937</u>	<u>-</u>	<u>906,758</u>
<b>Net assets at end of year</b>	<u>\$ 288,814</u>	<u>\$ 181,668</u>	<u>\$ -</u>	<u>\$ 470,482</u>

**UNITED WAY OF THE MIDLANDS AND SUBSIDIARY  
CONSOLIDATING STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED JUNE 30, 2018**

	Grants							
	Distributions	Eliminations	Total Agency Distributions	Special Initiatives	United Way	Community Partners	Eliminations	Total Grants
<b>Expenses:</b>								
RFP distributions	\$ 3,907,446	\$ (562,500)	\$ 3,344,946	\$ -	\$ 91,280	\$ -	\$ -	\$ 91,280
Other payouts	33,333	-	33,333	297,181	-	-	-	-
Grants and subcontracts	-	-	-	13,539	1,045,963	-	(514,356)	531,607
Community events	-	-	-	1,008	-	-	-	-
Salaries	-	-	-	266,300	307,688	603,751	-	911,439
Benefits	-	-	-	69,661	75,525	85,658	-	161,183
Payroll taxes	-	-	-	22,568	23,035	48,515	-	71,550
Professional fees	13,000	-	13,000	22,518	25,650	66,991	-	92,641
Supplies	-	-	-	10,597	16,475	14,325	-	30,800
Dental supplies	-	-	-	-	-	86,502	-	86,502
Lab costs	-	-	-	-	-	53,412	-	53,412
Telephone	-	-	-	1,784	-	22,584	-	22,584
Postage	-	-	-	414	8	247	-	255
Occupancy	-	-	-	78,459	-	138,868	-	138,868
Equipment maintenance	-	-	-	5,112	-	3,957	-	3,957
Printing and advertising	234	-	234	5,340	10,618	5,939	-	16,557
Staff development	241	-	241	14,416	6,110	6,355	-	12,465
Membership dues	-	-	-	842	-	5,399	-	5,399
Insurance	-	-	-	4,425	-	3,210	-	3,210
Equipment/building	-	-	-	1,131	16,130	-	-	16,130
Depreciation	(297)	-	(297)	36,824	-	130,069	-	130,068
Other expenses	-	-	-	(3,294)	25,618	5,962	-	31,580
<b>Total functional expenses</b>	<b>\$ 3,953,957</b>	<b>\$ (562,500)</b>	<b>\$ 3,391,457</b>	<b>\$ 848,825</b>	<b>\$ 1,644,100</b>	<b>\$ 1,281,744</b>	<b>\$ (514,356)</b>	<b>\$ 2,411,487</b>

**UNITED WAY OF THE MIDLANDS AND SUBSIDIARY  
CONSOLIDATING STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED JUNE 30, 2018**

	Other Program Services						Total Other Program Services
	Communication and Community Relations	Community Impact	Community Resources	Community Other Program Services	Eliminations		
<b>Expenses:</b>							
RFP distributions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
Other payouts	-	4,845	3,000	-	-	-	7,845
Grants and subcontracts	-	-	-	-	-	-	-
Community events	212	4,275	5,137	-	-	-	9,624
Salaries	63,427	619,397	80,891	-	-	-	763,715
Benefits	19,617	166,798	26,602	-	-	-	213,017
Payroll taxes	5,123	53,403	6,791	-	-	-	65,317
Professional fees	5,474	55,755	9,467	-	-	-	70,696
Supplies	2,219	8,386	804	-	-	-	11,409
Dental supplies	-	-	-	-	-	-	-
Lab costs	-	-	-	-	-	-	-
Telephone	375	5,329	552	-	-	-	6,256
Postage	2,727	1,179	132	-	-	-	4,038
Occupancy	1,865	26,497	2,743	-	-	-	31,105
Equipment maintenance	1,012	22,729	1,488	-	-	-	25,229
Printing and advertising	210,202	4,770	10,450	-	-	-	225,422
Staff development	318	21,556	2,501	-	-	-	24,375
Membership dues	177	3,276	566	-	-	-	4,019
Insurance	930	13,219	1,368	-	-	-	15,517
Equipment/building	238	9,725	350	-	-	-	10,313
Depreciation	7,744	110,014	11,389	-	-	-	129,147
Other expenses	19	(21,973)	27	-	-	-	(21,927)
<b>Total functional expenses</b>	<b>\$ 321,679</b>	<b>\$ 1,109,180</b>	<b>\$ 164,257</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,595,117</b>

**UNITED WAY OF THE MIDLANDS AND SUBSIDIARY  
CONSOLIDATING STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED JUNE 30, 2018**

	Supporting Services						Total
	Management and General			Total			
	United Way	Community Partners	Eliminations	Management and General	Campaign	Support Services	
<b>Expenses:</b>							
RFP distributions	\$ -		\$ -	\$ -	\$ -	\$ -	\$ 3,436,226
Other payouts	-		-	-	-	-	338,359
Grants and subcontracts							545,146
Community events	1,625		-	1,625	136,346	137,971	148,603
Salaries	285,021	38,015	-	323,036	922,925	1,245,961	3,187,415
Benefits	64,487	4,542	-	69,029	220,782	289,811	733,672
Payroll taxes	25,361	2,818	-	28,179	77,512	105,691	265,126
Professional fees	42,578	2,702	-	45,280	116,420	161,700	360,555
Supplies	5,590	-	-	5,590	11,444	17,034	69,840
Dental supplies	-	-	-	-	-	-	86,502
Lab costs	-	-	-	-	-	-	53,412
Telephone	2,841	-	-	2,841	5,871	8,712	39,336
Postage	2,054	-	-	2,054	2,514	4,568	9,275
Occupancy	14,126	-	-	14,126	29,194	43,320	291,752
Equipment maintenance	7,665	-	-	7,665	15,841	23,506	57,804
Printing and advertising	1,217	-	-	1,217	50,899	52,116	299,669
Staff development	7,211	-	-	7,211	33,124	40,335	91,832
Membership dues	1,342	-	-	1,342	4,128	5,470	15,730
Insurance	7,047	206	-	7,253	14,564	21,817	44,969
Equipment/building	1,964	-	-	1,964	3,722	5,686	33,260
Depreciation	58,652	-	-	58,652	121,214	179,866	475,608
Other expenses	39,104	103	-	39,207	5,201	44,408	50,767
<b>Total functional expenses</b>	<b>\$ 567,885</b>	<b>\$ 48,386</b>	<b>\$ -</b>	<b>\$ 616,271</b>	<b>\$ 1,771,700</b>	<b>\$ 2,387,972</b>	<b>\$ 10,634,858</b>