

**UNITED WAY OF THE COASTAL EMPIRE, INC.**  
**SAVANNAH, GEORGIA**

\*

**AUDIT REPORT**

\*

**JUNE 30, 2020**

**UNITED WAY OF THE COASTAL EMPIRE, INC.**  
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## **Independent Auditor's Report**

To The Board of Directors  
United Way of the Coastal Empire, Inc.  
Savannah, Georgia

We have audited the accompanying financial statements of United Way of the Coastal Empire, Inc. (a nonprofit organization) which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, cash flows, and functional expenses for the eighteen months 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 of 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 the Coastal Empire, Inc. as of June 30, 2020, 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.

*Canady, Hodge, Caines & Richbourg LLP*

December 7, 2020

**UNITED WAY OF THE COASTAL EMPIRE, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2020**

<u>Assets</u>	
<b>Current assets</b>	
Cash and cash equivalents	2,187,975
Short-term investments	107,019
Pledges and accounts receivable	
Current year campaign	3,143,648
Allowance for uncollectible pledges	(412,412)
Other receivables	40,673
Prepaid expenses	138,620
<b>Total current assets</b>	<u>5,205,523</u>
<b>Property and equipment</b>	
Land, buildings and equipment	3,961,460
Less - accumulated depreciation	<u>(2,730,835)</u>
<b>Total property and equipment</b>	<u>1,230,625</u>
<b>Other assets</b>	
Long-term investments	276,517
Cash surrender value of life insurance	<u>88,235</u>
<b>Total other assets</b>	<u>364,752</u>
<b>Total Assets</b>	<u><u>6,800,900</u></u>

<u>Liabilities and Net Assets</u>	
<b>Current liabilities</b>	
Accounts payable	177,294
Allocations payable	1,828,582
Due to designated agencies	272,579
Funds held for disposition	1,242,295
Payroll Protection Program loan	396,700
<b>Total current liabilities</b>	<u>3,917,450</u>
<b>Net assets</b>	
Without donor restrictions	2,883,450
With donor restrictions	<u>-</u>
<b>Total net assets</b>	<u>2,883,450</u>
<b>Total Liabilities and Net Assets</b>	<u><u>6,800,900</u></u>

The accompanying notes are an integral part of these financial statements

**UNITED WAY OF THE COASTAL EMPIRE, INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE EIGHTEEN MONTHS ENDED JUNE 30, 2020**

**Change in Net Assets Without Donor Restrictions:**

**Support and Revenue**

**Campaign support**

Annual campaign	8,909,123
Less:	
Allowance for uncollectibles	(412,412)
Designations	<u>(2,831,041)</u>
Net campaign support	<u>5,665,670</u>

**Other revenue**

Contributions from trust	1,166,564
Grant revenue	64,863
In-kind contributions	399,371
Special events and miscellaneous	141,064
Processing fees	1,417
Rental income	152,909
Investment income	<u>24,128</u>
Total other revenue	<u>1,950,316</u>

<b>Total support and revenue</b>	<u>7,615,986</u>
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**Allocations and Expenses**

Allocations and designations	6,392,195
Community service expenses	<u>2,404,003</u>
Total impact	8,796,198
Less donor designations	<u>(2,831,041)</u>
Net allocations and community service expenses	5,965,157
Administration and fundraising expenses	<u>2,282,146</u>
Total allocations and functional expenses	<u>8,247,303</u>

<b>Change in net assets before unrealized loss on investments</b>	(631,317)
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<b>Unrealized gain on investments</b>	<u>17,595</u>
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<b>Change in net assets without donor restriction</b>	(613,722)
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<b>Net assets at beginning of year</b>	<u>3,497,172</u>
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<b>Net assets at end of year</b>	<u><u>2,883,450</u></u>
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The accompanying notes are an integral part of these financial statements

**UNITED WAY OF THE COASTAL EMPIRE, INC.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE EIGHTEEN MONTHS ENDED JUNE 30, 2020**

**Cash Flows From (For) Operating Activities**

Change in net assets	(613,722)
Adjustments to reconcile change in net assets to net cash used by operating activities:	
Depreciation	147,657
Loss on disposal of property	4,391
Changes in:	
Annual campaign pledges receivable	2,857,375
Accounts receivable	(32,310)
Prepaid expenses	(62,788)
Cash surrender value of donated life insurance policy	(7,982)
Accounts payable	147,521
Allocations payable	(1,810,927)
Due to designated agencies	(1,446,505)
Funds held for disposition	530,417
<b>Net cash for operating activities</b>	<u>(286,873)</u>

**Cash Flows From (For) Investing Activities**

Sale of investments	48,914
Interest received	(2,823)
Purchase of property and equipment	(180,993)
<b>Net cash for investing activities</b>	<u>(134,902)</u>

**Cash Flows From (For) Financing Activities**

Proceeds from long-term debt	396,700
<b>Net cash from financing activities</b>	<u>396,700</u>

**Net decrease in cash and cash equivalents** (25,075)

**Beginning cash and cash equivalents** 2,213,050

**Ending cash and cash equivalents** 2,187,975

**Supplemental cash flow information:**

Interest paid	<u><u>-</u></u>
Income taxes paid	<u><u>-</u></u>

The accompanying notes are an integral part of these financial statements

**UNITED WAY OF THE COASTAL EMPIRE, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE EIGHTEEN MONTHS ENDED JUNE 30, 2020**

	Community Service Expenses			Administration and Fundraising Expenses				Total Allocations & Functional Expenses
	Program Services	Community Investment	Total Community Services	Communi-cations	Resource Development (Fundraising)	Management & General	Administration & Fundraising Expenses	
Allocations and designations	-	-	-	-	-	-	-	6,392,195
Less: donor designations	-	-	-	-	-	-	-	(2,831,041)
<b>Total allocations</b>	-	-	-	-	-	-	-	3,561,154
Salaries	1,048,212	311,136	1,359,348	173,038	561,424	283,089	1,017,551	2,376,899
Employee benefits	234,415	46,862	281,277	32,500	147,606	70,532	250,638	531,915
Payroll taxes	74,218	22,525	96,743	12,342	39,689	19,827	71,858	168,601
<b>Total compensation</b>	1,356,845	380,523	1,737,368	217,880	748,719	373,448	1,340,047	3,077,415
Bank/credit card fees	71	-	71	-	2,201	19,846	22,047	22,118
Professional fees	3,228	206	3,434	173	272	78,466	78,911	82,345
Supplies	7,873	521	8,394	1,494	3,970	15,096	20,560	28,954
Telephone	23,923	2,434	26,357	2,850	11,283	19,019	33,152	59,509
Postage	988	121	1,109	426	5,633	4,170	10,229	11,338
Building expense	56,817	13,392	70,209	11,559	17,571	145,036	174,166	244,375
Insurance	10,150	3,028	13,178	1,834	4,143	18,887	24,864	38,042
Equipment maintenance	28,134	16,510	44,644	4,613	6,338	20,035	30,986	75,630
Printing/publications	6,113	213	6,326	5,103	31,378	3,541	40,022	46,348
Transportation	17,250	2,059	19,309	2,614	4,686	6,603	13,903	33,212
Conferences and meetings	7,384	3,629	11,013	3,952	6,637	4,693	15,282	26,295
Membership dues	2,418	-	2,418	1,692	909	33,975	36,576	38,994
Staff replacement	1,439	736	2,175	314	629	10,948	11,891	14,066
Special events	5,074	-	5,074	144,533	5,042	8,518	158,093	163,167
Advertising & promotion	277,206	-	277,206	-	138,602	-	138,602	415,808
Miscellaneous expense	536	131	667	430	543	20,985	21,958	22,625
United Way of America dues	55,217	13,521	68,738	11,267	18,028	40,218	69,513	138,251
<b>Total before depreciation</b>	1,860,666	437,024	2,297,690	410,734	1,006,584	823,484	2,240,802	8,099,646
Depreciation	94,500	11,813	106,313	5,906	13,289	22,149	41,344	147,657
<b>Total functional expenses</b>	1,955,166	448,837	2,404,003	416,640	1,019,873	845,633	2,282,146	8,247,303

The accompanying notes are an integral part of these financial statements



**UNITED WAY OF THE COASTAL EMPIRE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**Note 1 – Nature of Activities**

The mission of United Way of the Coastal Empire, Inc. (United Way) is to improve lives by mobilizing the caring power of communities. The United Way provides voluntary leadership for a network of organizations and individuals, which assesses human service needs, develops resources to meet those needs and assures their effective use for the well-being of the people it serves. The United Way provides an organizational structure to conduct an annual fundraising campaign which benefits numerous human service programs. While a major function of United Way is the raising of funds and allocation of funds to the programs of other agencies, the United Way also provides direct programs such as 2-1-1, Hands on Savannah, (United Way Volunteers) and various client services at the Bryan, Effingham and Liberty locations.

Revenues are provided by the annual campaign, the H. V. Jenkins Trust, special events, rental income, grants and other.

**Note 2 – Summary of Significant Accounting Policies**

Accounting Method – The United Way uses the accrual method of accounting, recognizing income as earned and expenses as incurred.

Advertising Cost – Advertising costs are expensed as incurred.

Short-Term Investments – Certificates of deposit with initial maturities of over three months are classified as short-term investments and are reported at cost.

Liquidity Management - As part of the organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition to financial assets available to meet general expenditures over the year, the United Way invests its idle cash into short-term certificates of deposit, which it could draw upon if necessary.

Investments and Fair Value Measurements – The United Way applies the U.S. GAAP authoritative guidance for *Fair Value Measurements and Disclosures*, which defines fair value, establishes a framework for measuring fair value and requires certain disclosures about fair value measurements used to measure fair value:

**UNITED WAY OF THE COASTAL EMPIRE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**Note 2 – Summary of Significant Accounting Policies (Continued)**

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

**Level 1** – Quoted prices in active markets for identical assets.

**Level 2** – Quoted prices for similar assets in active or inactive markets, or inputs derived from observable market data by correlation such as appraisals or other means such as calculations based on contractual rates and published tables.

**Level 3** – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Investments in bonds, equities, and mutual funds are carried at fair value based on quoted prices in active markets in the Statement of Financial Position. Unrealized gains and losses are included in the change in net assets in the accompanying Statement of Activities.

Pledges and Contributions - Contributions are recognized when the donor makes a promise to give to the organization 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.

Pledges and Contributions Designated By Donor – In regard to pledges and contributions designated to specific agencies by the donor, the United Way is considered an agent for the designated agencies and, as such, treats the pledges as liabilities to those agencies. For the eighteen months ended June 30, 2020, the designated pledges and contributions were \$2,831,041.

Donated Services and Assets – The value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded. However, a substantial number of volunteers donate significant amounts of their time to United Way's program services and its fundraising campaign. Donated advertising from local media providers is recorded at its estimated fair market value as of the date received.

Allowance for Uncollectible Pledges – The allowance for uncollectible pledges is computed as a percent of annual campaign pledges received. This percentage is based on prior year's experience, and current local economic conditions.

**UNITED WAY OF THE COASTAL EMPIRE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**Note 2 – Summary of Significant Accounting Policies (Continued)**

Property and Equipment – Property and equipment are capitalized at cost provided such cost exceeds \$1,000 and the purchase benefits more than one year. Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support 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 support. Absent donor stipulation regarding how long those donated assets must be maintained, the organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The organization reclassifies temporarily restricted net assets to unrestricted net assets at that time. Property and equipment are depreciated using the straight-line method over their estimated useful lives.

Income Tax – The United Way is exempt from income tax under Section 501 (c) (3) of the U.S. Internal Revenue Code and has been determined by the Internal Revenue Service not to be a private foundation under Section 509 (a) of the Code. Contributions to the United Way are deductible within the limitations of the Code.

As of June 30, 2020, the tax years that remain subject to examination by taxing authorities begin with 2016. Management believes that all positions taken in those years would be sustained should those years be examined.

**Note 3 – Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure 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.

**Note 4 – Pledges Receivable**

Pledges receivable represent the balance of annual United Way campaign pledges receivable at June 30, 2020. All pledges receivable are due within one year.

**UNITED WAY OF THE COASTAL EMPIRE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**Note 5 – Property and Equipment**

Property and Equipment consisted of the following as of June 30, 2020:

Land	190,000
Building and Improvements	3,293,954
Furniture, Fixtures & Equipment	<u>477,506</u>
	3,961,460
Less-accumulated depreciation	<u>(2,730,835)</u>
Total	<u>1,230,625</u>

**Note 6 – Long Term Investments**

The following table presents assets that are measured at fair value on a recurring basis at June 30, 2020:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Corporate bonds and bond funds	29,726	-	-	29,726
Government bonds	-	24,809	-	24,809
Stocks and equity mutual funds	<u>221,982</u>	<u>-</u>	<u>-</u>	<u>221,982</u>
	<u>251,707</u>	<u>24,809</u>	<u>-</u>	<u>276,517</u>

The United Way holds a majority of its investments within Level 1 in which fair value is determined by quoted prices in active markets for identical assets. There were no changes in valuation techniques during the year.

In some cases, inputs used to measure fair value might fall in different levels of the fair value hierarchy. In such cases, the level within which the assets falls is determined based on the lowest level input that is significant to the asset in its entirety. Assessing the significance of a particular input to the asset in its entirety requires judgment and considers factors specific to the asset. The categorization of an asset within the hierarchy is based on the pricing transparency of the asset and does not necessarily correspond to the United Way's perceived risk of liquidity for that asset.

The annuity for the section 457 deferred compensation plan is valued at cost.

Investment return, comprised of interest income and net realized and unrealized gains and losses on investments, totaled \$41,723 (net of expenses of \$4,382) and was included in the Statement of Activities.

**UNITED WAY OF THE COASTAL EMPIRE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**Note 7 – Cash Surrender Value of Life Insurance**

The United Way is the owner and beneficiary of an insurance policy on the lives of certain supporters of United Way. The policy has a face amount of \$500,000 and a cash surrender value of \$88,235 as of June 30, 2020.

**Note 8 – Retirement Plan**

The United Way offers a 403(b) thrift pension plan to employees who meet certain minimum age and service requirements. The United Way contributed 7% of all participants' eligible compensation to the plan. In addition, the United Way contributed a one-half match of participants' contributions up to 3% of compensation. The total expense for the eighteen months ended June 30, 2020 was \$152,646.

**Note 9 – Functional Allocation of Expenses**

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

**Note 10 – Concentration of Credit Risk**

The United Way occasionally maintains deposits in excess of federally insured limits. Accounting standards identify these items as a concentration of credit risk requiring disclosure regardless of the degree of risk. Uninsured deposits total \$1,728,453 as of June 30, 2020. This risk is managed by maintaining all deposits in high quality financial institutions.

Approximately 22% of campaign contributions for the eighteen month period are related to one organization in Savannah Georgia.

**Note 11 – Liquidity and Availability of Financial Assets**

The organization has \$5,205,523 of financial assets available within one year of the statement of financial position date to meet cash needs for general operating expenditures, consisting of cash and cash equivalents of \$2,187,975, short-term investments of \$107,019, pledges and accounts receivable of \$2,771,909, and prepaid expenses of \$138,620.

**UNITED WAY OF THE COASTAL EMPIRE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**Note 12 – Designation as Beneficiary of Trust Proceeds**

In July 1997, United Way was designated as the beneficiary of a majority of the earnings of the Herschel V. Jenkins Trust Fund. These earnings will be used to defray administrative costs of the United Way. During the eighteen month period ended June 30, 2020, \$1,166,564 was recognized as income under this arrangement.

**Note 13 – Cost Allocation**

Certain categories of expenses are attributable to more than one program or supporting function and are allocated on a reasonable basis that is consistently applied. The expenses that are allocated are compensation and benefits, which are allocated on the basis of estimates of time and effort; building expenses, insurance, equipment maintenance, professional fees, and miscellaneous expenses, which are allocated based on usage.

**Note 14 – Subsequent Events**

Management has evaluated subsequent events through December 7, 2020, the date the financial statements were available to be issued. The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings. This has led to the postponement of various activities of the organization, including fundraising. The related financial impact and duration cannot be reasonably estimated at this time.

**Note 15 – Payroll Protection Program Loan**

On April 29, 2020, the Organization received loan proceeds in the amount of \$396,700 under the Paycheck Protection Program (“PPP”). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”), provides for loans to qualifying organization for amounts up to 2.5 times the average monthly payroll expenses of the qualifying organization. The loans and accrued interest are forgivable after twenty four weeks as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the eight-week period.

The unforgiven portion of the PPP loan is payable over two years at an interest rate of 1%, with a deferral of payments for the first six months. The Organization intends to use the proceeds for purposes consistent with the PPP. The Organization currently believes that its use of the loan proceeds will meet the conditions for forgiveness of the loan.

**UNITED WAY OF THE COASTAL EMPIRE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**Note 16 – Change in Fiscal Year**

The Board of Directors has approved a change in the organization's fiscal year. The new fiscal year will begin on July 1<sup>st</sup> and end on June 30<sup>th</sup>. This change was made to more closely align with the organization's natural business cycle.