

Financial Statements

**United Way of
Virginia's Eastern Shore, Inc.**

June 30, 2021

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LEATHERBURY - BROACHE, P.C.
Certified Public Accountants

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

October 28, 2021

To the Board of Trustees of
United Way of Virginia's Eastern Shore, Inc.

We have reviewed the accompanying financial statements of United Way of Virginia's Eastern Shore, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2021, and the related statement of activities and functional expenses, and the statement of cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

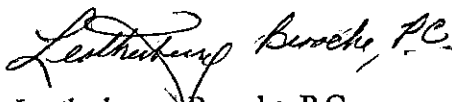
Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.



Leatherbury Broache, P.C.
Certified Public Accountants
Accomac, Virginia

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STATEMENT OF FINANCIAL POSITION
UNITED WAY OF VIRGINIA'S EASTERN SHORE, INC.

For the year ended June 30, 2021

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 232,930
Pledge receivable, net of allowance	68,231
Investments	<u>141,847</u>
TOTAL CURRENT ASSETS	\$ 443,008

PROPERTY AND EQUIPMENT, net

706	
<u>706</u>	
TOTAL ASSETS	\$ <u>443,714</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable and accrued expenses	\$ 629
Note payable	8,975
Allocations payable to agencies	104,050
Designations payable to agencies	<u>96,989</u>
TOTAL CURRENT LIABILITIES	\$ 210,643

NET ASSETS

Without restrictions	<u>233,071</u>
TOTAL LIABILITIES AND NET ASSETS	\$ <u>443,714</u>

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

STATEMENT OF ACTIVITIES AND FUNCTIONAL EXPENSES

UNITED WAY OF VIRGINIA'S EASTERN SHORE, INC.

For the year ended June 30, 2021

REVENUE		
Cash contributions		\$ 233,227
less provision for uncollectible pledges		-
In-kind contributions		21,110
Other program support		8,265
		<u>\$ 262,602</u>
OTHER REVENUE		
Interest and dividend income	\$ 5,430	
less investment expenses	(150)	
Gain on Payroll Protection loan forgiveness	6,400	
Gain on sale of investments	102	
Unrealized gains on investments	24,697	
		<u>36,479</u>
TOTAL REVENUES		<u>\$ 299,081</u>
EXPENSES		
Program services:		
Agency distributions		\$ 198,713
Salaries and related costs		28,075
Dues - United Way Worldwide		5,138
Printing and reproduction		1,505
Telephone and internet		947
Supplies		720
Depreciation expense		662
Postage and delivery		535
Fundraising expenses		500
Fees expenses		479
Office supplies		379
Bank and merchant fees		76
Meeting expenses		42
		<u>\$ 237,771</u>
Supporting services:		
Salaries and related costs	\$ 13,828	
Accounting	13,500	
Insurance	1,053	
Telephone and internet	467	
Repairs and maintenance	315	
Postage and delivery	266	
Office supplies	187	
Travel and meals	88	
		<u>29,704</u>
TOTAL EXPENSES		<u>\$ 267,475</u>
CHANGE IN NET ASSETS		\$ 31,606
NET ASSETS, BEGINNING OF YEAR		<u>201,465</u>
NET ASSETS, END OF YEAR		<u>\$ 233,071</u>

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

STATEMENT OF CASH FLOWS
UNITED WAY OF VIRGINIA'S EASTERN SHORE, INC.

For the year ended June 30, 2021

CASH FLOWS FROM OPERATING ACTIVITIES:	
Decrease in Net Assets	\$ 31,606
Adjustments to Change in Net Assets for noncash items	
Depreciation expense	662
Gains on sale of investments	(102)
Unrealized gains on investments	(24,697)
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	(8,750)
Increase (Decrease) in accounts payable	(209)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>\$ (1,490)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Sale proceeds from investment transactions	\$ 12,654
Purchase of investments	(14,448)
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	<u>\$ (1,794)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:	
Increase in debt	\$ 2,575
Increase in amounts owed to donor specified nonprofit agencies	(31,044)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	<u>\$ (28,469)</u>
NET INCREASE IN CASH	\$ (31,753)
BALANCE AT BEGINNING OF YEAR	<u>264,683</u>
BALANCE AT END OF YEAR	<u><u>\$ 232,930</u></u>

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

NOTES TO FINANCIAL STATEMENTS

UNITED WAY OF VIRGINIA'S EASTERN SHORE, INC.

For the year ended June 30, 2021

1) NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

United Way of Virginia's Eastern Shore, Inc. (UWVES) operates as a local nonprofit corporation that is dedicated to helping people of the Eastern Shore of Virginia. The organization itself focuses on the most pressing needs of Accomack and Northampton counties by mobilizing financial, volunteer, and informational resources.

UWVES provides funding to partner agencies which are providing a wide range of services to the immediate community. These beneficiary organizations must apply for funding allocations annually and are to have measurable results through clearly defined outcomes as well as documentation as to its current not-for-profit status.

The organization's major source of support and revenue is contributions from employer campaigns as well as individual donors. The organization also receives support from grants, sponsorships and investments.

Basis of Accounting

The financial statements of the organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Financial Statement Presentation

The financial statements of the organization have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America.

The organization is required to report information regarding its financial position and activities according to two classes of net assets: without donor restrictions, and with donor restrictions. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the organization and changes therein are classified and reported as follows:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed restrictions may be expended for any purpose in performing the primary objectives of the organization. These net assets represent resources over which the Board of Directors has discretionary control and are used to carry out operations of the organization or otherwise may be designated for specific purposes by action of the Board of Directors in accordance with its bylaws.

Net assets with donor restrictions - Net assets subject to grantor or contributor-imposed stipulations that may or will be met, either by actions of the organization and/or the passage of time. Donations to operating and capital funds earmarked by the donor, grantor, or other outside party for particular operating purposes or for specific capital funds are deemed to be earned when received and reported as with donor restrictions support until the organization has incurred expenditures in compliance with the designated purposes of these funds. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net asset with donor restrictions to net assets without donor restrictions in the statement of activities as net assets released from restrictions.

The net assets of UWVES for the year ending June 30, 2021 were without donor restrictions.

Advertising and Promotional

All advertising and promotional expenses are program related and are to be charged when incurred. There were no Advertising expenses for year ending June 30, 2021.

NOTES TO FINANCIAL STATEMENTS

UNITED WAY OF VIRGINIA'S EASTERN SHORE, INC.

For the year ended June 30, 2021

1) NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES, continued

Allocations due agencies

Allocations due agencies reflects program funds which have been awarded to partner agency organizations. Normally allocations payable are paid out the following fiscal year in the months of July and February.

Ten percent of these donor designated amounts are retained by the organization to assist in the absorption of administrative expenses. Additionally, eleven point six percent (11.6%) of these donor designated amounts are used to offset estimated pledge losses from uncollectible pledges, unless the pledges were paid in full immediately upon billing.

Designations due agencies

Pledges that have been designated by the donor to go to qualified not-for-profit beneficiary organizations are considered due to other agencies. Ten percent of these donor designated amounts are retained by the organization to assist in the absorption of administrative expenses. Additionally, eleven point six percent (11.6%) of these donor designated amounts are used to offset estimated pledge losses from uncollectible pledges, unless the pledges were paid in full immediately upon billing. The payable is recorded during the campaign year, and it is paid out as the pledges are collected the following fiscal year in the months of July and February unless the collected amount is insignificant. Insignificant is considered under \$100 total, which is then paid out in full during the first disbursement run in July.

Partner agency organizations must provide approved documentation of their current not-for-profit status before amounts designated for them can be released. If after two years the documentation has not been provided, the designated funds are transferred to unrestricted income to be released in the next campaign award process.

Contributions

The organization records contributions received as without donor restrictions or with donor restrictions, depending on the existence and/or nature of any donor restrictions. Contributions received which are designated by the donor for specific charities are reported as funds held in trust for the designated charities. Such funds are shown as a liability on the statement of financial position, subject to an administrative expense and pledge loss allowance as previously detailed.

Donor restricted net assets are reclassified to without donor restricted net assets upon satisfaction of any time or purpose restriction. All revenue is considered to be without donor restrictions unless specifically restricted by the contributor.

Several volunteers have made significant contributions of their time in furtherance of UWVES's mission. These services were not reflected in the accompanying statement of activities because they do not meet the criteria for recognition.

Functional expenses

The costs of providing program and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs are allocated amongst UWVES's program services and supporting services that benefited. Such allocations are determined by management.

The following costs have been allocated based upon an analysis of time spent by employees:

- ❖ Salaries and other employee related expenses
- ❖ Office expenses, including postage and delivery
- ❖ Telephone and internet costs

NOTES TO FINANCIAL STATEMENTS

UNITED WAY OF VIRGINIA'S EASTERN SHORE, INC.

For the year ended June 30, 2021

1) NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES, continued

Income taxes

No provision for income taxes has been made because the organization is a not-for-profit organization exempt from income tax under Section 501(c)(3) of the Internal Revenue Code.

The organization files form 990 (Return of Organization Exempt from Income Tax) with the federal government. The tax returns for 2020, 2019 and 2018 fiscal years are open for examination by the IRS, as of June 30, 2021.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair market values in the statement of financial position. The value assigned to investments received by gift is the market value at the date of donation.

Pledges Receivable

The organization's pledges, consisting of unconditional promises to give as of June 30, 2021, are amounts due in the coming year. The organization has adopted the reserve method of accounting for doubtful pledges receivable. Pledges receivable are shown net of an allowance for doubtful accounts of \$12,302 as of June 30, 2021.

Property, plant and equipment

The organization records property, plant, and equipment at cost, or if donated, at the fair market value at the time of donation. Depreciation is expensed over the estimated useful lives of depreciable assets. All depreciation is computed using the straight-line method for financial statement reporting purposes. Renewals and improvements are capitalized. Maintenance and repairs are charged to earnings. Depreciation expense is \$662 for the year ended June 30, 2021.

Use of Estimates

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

2) CASH AND CASH EQUIVALENTS

For purposes of the Statements of Cash Flows, the organization considers all cash accounts which are not subject to withdrawal restrictions or penalties to be cash or cash equivalents. Cash and cash equivalents are also considered to be all unrestricted highly liquid investments with maturities of three months or less at the time of acquisition.

Cash owned by UWVES consisted of the following accounts as of June 30, 2021:

Campaign checking	\$,533
Campaign money market		86,567
Operating checking		35,564
Cash equivalents at Investment advisory companies		<u>10,266</u>
	\$	<u>232,930</u>

NOTES TO FINANCIAL STATEMENTS

UNITED WAY OF VIRGINIA'S EASTERN SHORE, INC.

For the year ended June 30, 2021

3) AVAILABILITY AND LIQUIDITY

The following represents UWVES's financial assets as of June 30, 2021:

Financial assets at year end		
Cash and cash equivalents	\$	232,930
Pledge Receivable, net		68,231
Investments		<u>141,847</u>
	Total financial assets	\$ 443,008
Less amounts not available to be used for general expenditures		
Within one year due to imposed restrictions	\$	201,039
Payroll protection program loan, if not forgiven		<u>8,975</u>
		\$ <u>210,014</u>
Financial assets available to meet general expenditures over the next 12 months		\$ <u><u>232,994</u></u>

4) CONCENTRATIONS OF CREDIT RISK

The organization maintains cash balances at various financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. As of June 30, 2021, the organization had no uninsured cash balances.

The entity has investments in mutual funds which are subject to concentrations of credit risk. Investment decisions are made by investment managers engaged by the entity, and the investments are monitored by the Executive Director and Treasurer.

5) INVESTMENTS

Investments owned by UWVES consist of the following as of June 30, 2021:

	Cost	Market	Unrealized Gain
Common Stocks and Exchange Funds	\$ 69,698	\$ 89,454	\$ 19,756
Mutual Funds	<u>42,799</u>	<u>52,393</u>	<u>9,594</u>
Total Investments	\$ <u>112,497</u>	\$ <u>141,847</u>	\$ <u>29,350</u>

The investments are classified "as available for sale" and accordingly were carried at fair value. The fair value was readily determined using quoted market prices and other relevant information generated by market transactions.

NOTES TO FINANCIAL STATEMENTS

UNITED WAY OF VIRGINIA'S EASTERN SHORE, INC.

For the year ended June 30, 2021

6) PROPERTY AND EQUIPMENT

Property, plant and equipment purchased is stated at cost. Donated property is recorded at market value prevailing at date of the donation. Depreciation for fixed assets has been provided over the following estimated useful lives using the straight-line method:

Furniture, Fixtures and Equipment	5 - 7 year
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Property, plant, and equipment consists of office furniture and equipment as of June 30, 2021.

Furniture, Fixtures and Equipment	\$ 18,817
Less Accumulated Depreciation	<u>(18,112)</u>
Net Furniture, Fixtures and Equipment	\$ <u>705</u>

7) DEBT

During the fiscal year, the organization received a second Payroll Protection Program (PPP) loan in the amount of \$8,975. UWVES has since expended the funds on payroll and other "qualified" expenses and expects its loan to be entirely forgiven. During the current fiscal year UWVES received loan forgiveness on its first Payroll Protection Program (PPP) loan that was in the amount of \$6,400. The gain resulting from the forgiveness was recorded as Other Income.

8) NET ASSETS

Net Assets without donor restrictions consist of the following on June 30, 2021:

Board Designated Community Impact Fund	\$ 8,128
Unrealized gain (loss) on investments	29,351
Undesignated assets	<u>195,592</u>
Total Net Assets Without Donor Restrictions	\$ <u>233,071</u>

9) RELATED PARTY

The organization pays affiliate dues to the national United Way organization. Total dues paid for the year ended June 30, 2021 was \$3,099.

10) SUBSEQUENT EVENTS

Management has evaluated subsequent events through the date the financial statements were issued. The organization is not aware of any material subsequent events.