

**UNITED WAY OF ETOWAH COUNTY, INC.**  
Gadsden, Alabama

**AUDITED FINANCIAL STATEMENTS**  
**December 31, 2020 and 2019**

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# MDA PROFESSIONAL GROUP, P.C.

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## INDEPENDENT AUDITOR'S REPORT

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

### **Opinion**

We have audited the accompanying financial statements of United Way of Etowah County, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Way of Etowah County, Inc., as of December 31, 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.

### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of United Way of Etowah County, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Prior Period Financial Statements**

The financial statements of United Way of Etowah County, Inc. as of December 31, 2019 were audited by other auditors whose report dated November 30, 2020 expressed an unmodified opinion on those statements.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about United Way of Etowah County, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 United Way of Etowah County, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about United Way of Etowah County, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

*MDA Professional Group, P.C.*

Gadsden, Alabama  
September 15, 2021

UNITED WAY OF ETOWAH COUNTY, INC.

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2020 AND 2019

<u>ASSETS</u>	<u>2020</u>	<u>2019</u>
<b>CURRENT ASSETS</b>		
Cash	\$ 546,370	\$ 295,766
Bank Certificates of Deposit	100,000	100,000
Marketable Securities	922,068	933,938
Unconditional Promises to Give - Net of Allowance For Uncollectible Amounts of \$100,759 and \$366,624 for years ended December 31, 2020 and 2019, respectively	698,029	803,022
	<u>2,266,467</u>	<u>2,132,726</u>
<b>PROPERTY AND EQUIPMENT - NET</b>		
Vehicles	27,235	27,235
Office Furniture and Equipment	181,400	177,247
Land and Building	411,702	411,702
Less Accumulated Depreciation	<u>(211,089)</u>	<u>(192,472)</u>
	<u>409,248</u>	<u>423,712</u>
<b>TOTAL ASSETS</b>	<u>\$ 2,675,715</u>	<u>\$ 2,556,438</u>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable	\$ 3,054	\$ 282
Current Maturities of Long-Term Debt	9,883	17,471
Accrued Payroll	8,892	-
Due to Agencies and Grant Recipients	638,000	583,801
	<u>659,829</u>	<u>601,554</u>
<b>LONG-TERM LIABILITIES</b>		
Long-Term Debt, Less Current Maturities	<u>69,278</u>	<u>102,092</u>
<b>NET ASSETS</b>		
Without Donor Restrictions	1,388,249	961,769
With Donor Restrictions	558,359	891,023
	<u>1,946,608</u>	<u>1,852,792</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 2,675,715</u>	<u>\$ 2,556,438</u>

The accompanying Notes to the Financial Statements are an integral part of these financial statements.

UNITED WAY OF ETOWAH COUNTY, INC.

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020		Total
	Without Donor Restrictions	With Donor Restrictions	
<b>REVENUE AND SUPPORT</b>			
Contributions Received in Current Period			
(Net of Allowance for Uncollectible Amounts)	\$ 682,602	\$ 558,359	\$ 1,240,961
Special Events:			
Special Event Revenue	74,843	-	74,843
Less: Costs of Direct Benefits to Donors	(15,443)	-	(15,443)
	<u>742,002</u>	<u>558,359</u>	<u>1,300,361</u>
Contributions Received in Prior Periods Released from Restrictions	<u>891,023</u>	<u>(891,023)</u>	<u>-</u>
<b>FUNCTIONAL EXPENSES</b>			
Program Services:			
Information and Referral	121,243	-	121,243
Children's Initiative	161,598	-	161,598
Disaster Relief	104,667	-	104,667
Community Building	34,560	-	34,560
Support Services:			
Management and General	85,811	-	85,811
Fundraising	144,074	-	144,074
Allocations to Agencies and Grants	723,021	-	723,021
United Way of America Dues	20,224	-	20,224
Family Service Center	17,457	-	17,457
Donor Designations	7,346	-	7,346
	<u>1,420,001</u>	<u>-</u>	<u>1,420,001</u>
<b>OTHER INCOME</b>			
PPP Grant Revenue	85,300	-	85,300
CARES Act Grants and Contributions	72,583	-	72,583
Investment Income	55,573	-	55,573
	<u>213,456</u>	<u>-</u>	<u>213,456</u>
Increase (Decrease) in Net Assets	426,480	(332,664)	93,816
NET ASSETS - Beginning of Year	<u>961,769</u>	<u>891,023</u>	<u>1,852,792</u>
NET ASSETS - End of Year	<u>\$ 1,388,249</u>	<u>\$ 558,359</u>	<u>\$ 1,946,608</u>

The accompanying Notes to the Financial Statements are an integral part of these financial statements.

UNITED WAY OF ETOWAH COUNTY, INC.

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	2019		Total
	Without Donor Restrictions	With Donor Restrictions	
<b>REVENUE AND SUPPORT</b>			
Contributions Received in Current Period			
(Net of Allowance for Uncollectible Amounts)	\$ 376,054	\$ 891,023	\$ 1,267,077
Special Events			
Special Event Revenue	105,827	-	105,827
Less: Costs of Direct Benefits to Donors	(27,365)	-	(27,365)
	<u>454,516</u>	<u>891,023</u>	<u>1,345,539</u>
Contributions Received in Prior Periods Released from Restrictions	<u>1,062,467</u>	<u>(1,062,467)</u>	<u>-</u>
<b>FUNCTIONAL EXPENSES</b>			
Program Services:			
Information and Referral	154,010	-	154,010
Children's Initiative	185,579	-	185,579
Disaster Relief	39,196	-	39,196
Community Building	45,331	-	45,331
Support Services:			
Management and General	97,188	-	97,188
Fundraising	169,918	-	169,918
Allocations to Agencies and Grants	597,956	-	597,956
United Way of America	16,618	-	16,618
Donor Designations	7,683	-	7,683
	<u>1,313,479</u>	<u>-</u>	<u>1,313,479</u>
<b>OTHER INCOME</b>			
Investment Income	119,709	-	119,709
Gain on Sale of Assets	6,000	-	6,000
	<u>125,709</u>	<u>-</u>	<u>125,709</u>
Increase (Decrease) in Net Assets	329,213	(171,444)	157,769
NET ASSETS - Beginning of Year	<u>632,556</u>	<u>1,062,467</u>	<u>1,695,023</u>
NET ASSETS - End of Year	<u>\$ 961,769</u>	<u>\$ 891,023</u>	<u>\$ 1,852,792</u>

The accompanying Notes to the Financial Statements are an integral part of these financial statements.

UNITED WAY OF ETOWAH COUNTY, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020						
	Program Services				Support Services		Total
	Information and Referral	Children's Initiative	Disaster Relief	Community Building	Management and General	Fundraising	
Salaries	\$ 80,373	\$ 58,651	\$ 35,275	\$ 28,239	\$ 17,693	\$ 37,357	\$ 257,588
Employee Benefits	11,457	8,360	5,028	4,025	2,522	5,325	36,717
Payroll Taxes	6,536	4,770	2,869	2,296	1,439	3,038	20,948
<b>Total Salaries and Related Expenses</b>	<b>98,366</b>	<b>71,781</b>	<b>43,172</b>	<b>34,560</b>	<b>21,654</b>	<b>45,720</b>	<b>315,253</b>
Program Services	-	82,045	61,495	-	-	-	143,540
Supplies, Printing and Publication	2,246	687	-	-	17,566	28,660	49,159
Professional Services	565	162	-	-	13,981	22,812	37,520
Miscellaneous	12,876	1,293	-	-	2,600	4,241	21,010
Utilities	1,716	1,716	-	-	4,852	7,917	16,201
Equipment Rent and Maintenance	1,512	1,548	-	-	2,769	4,518	10,347
Insurance	-	848	-	-	3,570	5,826	10,244
Telephone	2,579	679	-	-	1,537	2,509	7,304
Endowment Fund	-	-	-	-	7,029	-	7,029
Awards and Recognition	-	-	-	-	-	4,400	4,400
Interest	600	556	-	-	1,063	1,735	3,954
Bank Charges	-	-	-	-	1,377	2,247	3,624
Travel	404	227	-	-	904	1,475	3,010
Conferences and Meetings	-	-	-	-	-	741	741
<b>Total Before Depreciation</b>	<b>120,864</b>	<b>161,542</b>	<b>104,667</b>	<b>34,560</b>	<b>78,902</b>	<b>132,801</b>	<b>633,336</b>
Depreciation	379	56	-	-	6,909	11,273	18,617
<b>TOTAL FUNCTIONAL EXPENSES</b>	<b>\$ 121,243</b>	<b>\$ 161,598</b>	<b>\$ 104,667</b>	<b>\$ 34,560</b>	<b>\$ 85,811</b>	<b>\$ 144,074</b>	<b>\$ 651,953</b>

The accompanying Notes to the Financial Statements are an integral part of these financial statements.



UNITED WAY OF ETOWAH COUNTY, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	2019						
	Program Services				Support Services		
	Information and Referral	Children's Initiative	Disaster Relief	Community Building	Management and General	Fundraising	Total
Salaries	\$ 99,594	\$ 70,125	\$ 7,692	\$ 32,491	\$ 37,889	\$ 59,029	\$ 306,820
Employee Benefits	11,637	12,581	1,083	4,576	5,336	8,314	43,527
Payroll Taxes	7,841	5,546	610	2,578	3,006	4,683	24,264
<b>Total Salaries and Related Expenses</b>	<b>119,072</b>	<b>88,252</b>	<b>9,385</b>	<b>39,645</b>	<b>46,231</b>	<b>72,026</b>	<b>374,611</b>
Program Services	3,909	88,850	29,811	5,686	-	-	128,256
Supplies, Printing and Publication	4,752	1,193	-	-	4,565	34,000	44,510
Miscellaneous	4,295	1,314	-	-	4,098	9,678	19,385
Equipment Rent and Maintenance	4,254	1,313	-	-	4,791	7,985	18,343
Utilities	1,815	1,807	-	-	3,445	5,741	12,808
Travel	5,743	453	-	-	2,245	3,741	12,182
Telephone	6,541	764	-	-	1,436	2,393	11,134
Awards and Recognition	-	-	-	-	-	10,229	10,229
Insurance	-	848	-	-	3,300	5,500	9,648
Professional Services	-	-	-	-	9,000	-	9,000
Endowment Fund	-	-	-	-	6,904	-	6,904
Consulting Fees	-	-	-	-	2,583	4,306	6,889
Interest	844	844	-	-	1,494	2,490	5,672
Conferences and Meetings	2,379	-	-	-	82	138	2,599
Postage and Shipping	71	121	-	-	813	1,355	2,360
<b>Total Before Depreciation</b>	<b>153,675</b>	<b>185,759</b>	<b>39,196</b>	<b>45,331</b>	<b>90,987</b>	<b>159,582</b>	<b>674,530</b>
Depreciation	335	-	-	-	6,201	10,336	16,872
<b>TOTAL FUNCTIONAL EXPENSES</b>	<b>\$ 154,010</b>	<b>\$ 185,579</b>	<b>\$ 39,196</b>	<b>\$ 45,331</b>	<b>\$ 97,188</b>	<b>\$ 169,918</b>	<b>\$ 691,222</b>

The accompanying Notes to the Financial Statements are an integral part of these financial statements.

UNITED WAY OF ETOWAH COUNTY, INC.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 93,816	\$ 157,769
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	18,617	16,872
Noncash Contribution	-	(27,234)
Realized and Unrealized Gain on Sale of Marketable Securities	(40,998)	(99,158)
Gain on Sale of Assets	-	(6,000)
Changes in Operating Assets and Liabilities:		
Unconditional Promises to Give	104,993	214,688
Other Receivables	-	153
Accounts Payable	2,772	282
Accrued Payroll	8,892	-
Due to Agencies and Grant Recipients	54,199	(131,463)
Total Adjustments	148,475	(31,860)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>242,291</b>	<b>125,909</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of Property and Equipment	(4,153)	(2,162)
Proceeds From Sale of Assets	-	6,000
Proceeds from Sale and Maturities of Marketable Securities	1,556,469	1,093,867
Purchases of Marketable Securities	(1,503,601)	(1,176,902)
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<b>48,715</b>	<b>(79,197)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Principal Payments on Long-Term Debt	(40,402)	(44,775)
<b>NET CASH USED BY FINANCING ACTIVITIES</b>	<b>(40,402)</b>	<b>(44,775)</b>
<b>NET INCREASE IN CASH</b>	<b>250,604</b>	<b>1,937</b>
CASH - Beginning of Year	295,766	293,829
CASH - End of Year	\$ 546,370	\$ 295,766
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Cash Paid During the Year for Interest	\$ 3,954	\$ 5,672

The accompanying Notes to the Financial Statements are an integral part of these financial statements.

UNITED WAY OF ETOWAH COUNTY, INC.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2020 and 2019

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF ORGANIZATION

The United Way of Etowah County, Inc. is a fund-raising organization which carries on an annual campaign to raise money for local member charitable organizations. Volunteers then determine needs to allocate funds to these organizations, subject to approval of the Board of Directors.

BASIS OF ACCOUNTING

The financial statements of the Organization have been prepared on the accrual basis of accounting. Accordingly, revenues are recognized when earned, and expenses are recognized when incurred.

CASH

For the purposes of cash flows, the Organization considers all highly liquid debt instruments and restricted cash purchased with a maturity of three months or less to be cash equivalents.

DEPOSITS

The Organization maintains accounts at five financial institutions located in Gadsden, Alabama. The balances are insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC) at each financial institution. At December 31, 2020, the Organization's uninsured cash balances totaled \$125,848.

PROPERTY AND EQUIPMENT

Property and equipment are stated at cost. Gifts of property and equipment are recorded at estimated fair market value. Additions and improvements that extend the life of an asset are capitalized. Expenditures for repairs and maintenance are charged against income. Depreciation is computed by the straight-line method based upon the estimated useful lives of individual assets.

NET ASSETS RESTRICTIONS

Net assets for programs sponsored by federal and state funding agencies are restricted to the specific purposes of grant and contract agreements.

PROMISES TO GIVE / PLEDGES

Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows. The discounts on those amounts are computed using a risk-free interest rate applicable to the year in which the promise is received. Amortization of the discount is included as support until such time as the conditions are substantially met.

(Continued)

UNITED WAY OF ETOWAH COUNTY, INC.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2020 and 2019

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

FINANCIAL STATEMENT PRESENTATION

The Organization has adopted FASB ASC 958-205, "Presentation of Financial Statements for Not-for-Profit Entities." Under FASB ASC 958-205, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: Net Assets with Donor Restrictions and Net Assets Without Donor Restrictions.

Net Assets with Donor Restrictions

The part of net assets of a not-for-profit entity that is subject to donor-imposed restrictions.

Net Assets without Donor Restrictions

The part of net assets of a not-for-profit entity that is not subject to donor-imposed restrictions.

SUPPORT AND CONTRIBUTIONS

The Organization's primary source of revenue is an annual fundraising campaign. The Organization has the administrative responsibility of collecting the pledges and distributing proceeds to or on behalf of member organizations. Pledges are recorded as received, and allowances are provided for amounts estimated to be uncollectible. In general, uncollected pledges are fully reserved by the end of the second year following the year in which payment is expected, and the pledges are recognized in revenues. Pledges designated for specific agencies and pledges for organizations out of the service area are reported as donor designations and a reduction to the applicable year campaign revenue, as they represent 'pass-through' funds and are not revenue for Organization.

Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restrictions.

CAMPAIGN EXPENSES

Campaign expenses are charged to expense as they are incurred.

INVESTMENTS

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor re reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

(Continued)

UNITED WAY OF ETOWAH COUNTY, INC.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2020 and 2019

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

DONATED MATERIALS, EQUIPMENT, AND SERVICES

Donated materials and equipment are reflected as contributions at their estimated fair market value at date of donation.

When material, the value of contributed services meeting the requirements for recognition in the financial statements, is recorded in the financial statements as revenue and an expense. Additionally, many individuals volunteer their time and perform a variety of tasks that assist the Organization with the operation of its fundraising activities. The volunteer hours have not been recorded in the statement of activities. No amounts for contributed services have been recorded in the financial statements.

FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statements of Activities and Statement of Functional Expenses. Accordingly, certain costs have been allocated among program services and support services. Allocations are determined by management and are based upon employee's time and effort towards each activity.

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 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.

INCOME TAXES

There is no provision for income taxes since the Organization is a nonprofit organization exempt from both federal and state income taxes. The Organization has received an exemption letter from the Internal Revenue Service granting it tax-exempt status under Internal Revenue Code Section 501(c)(3).

ASC 740-10 prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The standard also provides guidance on derecognition, classification, treatment of interest and penalties, and disclosure of such positions. The Organization has adopted the provisions of ASC 740-10 "Accounting for Uncertainty in Income Taxes" as required. There are no uncertain tax positions requiring recognition for the periods ended December 31, 2020.

(Continued)

UNITED WAY OF ETOWAH COUNTY, INC.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2020 and 2019

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

SUBSEQUENT EVENTS

Management evaluates events occurring subsequent to the date of the financial statements in determining the accounting for and disclosure of transactions and events that affect the financial statements. Subsequent events have been evaluated through September 15, 2021, which is the date the financial statements were available to be issued.

NOTE 2 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Vehicles	\$ 27,235	\$ 27,235
Office Furniture and Equipment	181,400	177,247
Land and Building	<u>411,702</u>	<u>411,702</u>
	620,337	616,184
Less Accumulated Depreciation	<u>(211,089)</u>	<u>(192,472)</u>
	<u>\$ 409,248</u>	<u>\$ 423,712</u>

Depreciation expense was \$18,617 and \$16,872 for the years ended December 31, 2020 and 2019.

NOTE 3 – UNCONDITIONAL PROMISES TO GIVE

The Organization's unconditional promises to give and allowance for uncollectible accounts consists of the following for the years ended December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Pledge Receivable 2020-2021 Campaign	\$ 472,606	\$ -
Pledge Receivable 2019-2020 Campaign	314,697	944,710
Pledge Receivable 2018-2019 Campaign	11,485	224,936
Allowance for Uncollectible Pledges	<u>(100,759)</u>	<u>(366,624)</u>
	<u>\$ 698,029</u>	<u>\$ 803,022</u>

UNITED WAY OF ETOWAH COUNTY, INC.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2020 and 2019

NOTE 4 – FAIR VALUE MEASUREMENTS

The Organization’s investments are reported at fair value in the accompanying statements of net position as of December 31, 2020 and 2019:

<u>December 31, 2020</u>	<u>Fair Value</u>	<u>Measurements Using: Quoted Prices in Active Markets for Identical Assets (Level 1)</u>
Exchange Products	\$ 55,990	\$ 55,990
Mutual Equity Funds	686,900	686,900
Mutual Bond Funds	179,178	179,178
	<u>\$ 922,068</u>	<u>\$ 922,068</u>

  

<u>December 31, 2019</u>	<u>Fair Value</u>	<u>Measurements Using: Quoted Prices in Active Markets for Identical Assets (Level 1)</u>
Exchange Products	\$ 104,836	\$ 104,836
Mutual Equity Funds	648,990	648,990
Mutual Bond Funds	180,112	180,112
	<u>\$ 933,938</u>	<u>\$ 933,938</u>

ASC 820-10, formally SFAS No. 157, *Fair Value Measurements*, establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, and Level 3 inputs have the lowest priority. The Organization uses the appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Organization measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. No Level 2 or Level 3 inputs were available to the Organization.

Level 1 Fair Value Measurements

The fair value of mutual funds is based on quoted net asset values of the shares held by the Board at year end. The fair values of corporate bonds are based on quoted market prices.

UNITED WAY OF ETOWAH COUNTY, INC.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2020 and 2019

NOTE 5 – INVESTMENTS

Investments are stated at fair value and are summarized as follows as of December 31, 2020:

	<u>Cost</u>	<u>Fair Value</u>	<u>Carrying Value</u>
Exchange Products	\$ 52,491	\$ 55,990	\$ 55,990
Mutual Equity Funds	605,046	686,900	686,900
Mutual Bond Funds	<u>169,771</u>	<u>179,178</u>	<u>179,178</u>
	<u>\$ 827,308</u>	<u>\$ 922,068</u>	<u>\$ 922,068</u>

The following schedule summarizes the investment income and its classification in the statement of activities for the year ended December 31, 2020:

	<u>Other Income</u>
Interest and Dividends	\$ 12,992
Net Realized and Unrealized Gains (Losses)	40,998
Other Interest Income	<u>1,583</u>
	<u>\$ 55,573</u>

Investments are stated at fair value and are summarized as follows as of December 31, 2019:

	<u>Cost</u>	<u>Fair Value</u>	<u>Carrying Value</u>
Exchange Products	\$ 102,662	\$ 104,836	\$ 104,836
Mutual Equity Funds	606,748	648,990	648,990
Mutual Bond Funds	<u>178,513</u>	<u>180,112</u>	<u>180,112</u>
	<u>\$ 887,923</u>	<u>\$ 933,938</u>	<u>\$ 933,938</u>

The following schedule summarizes the investment income and its classification in the statement of statement of activities for the year ended December 31, 2019:

	<u>Other Income</u>
Interest and Dividends	\$ 18,634
Net Realized and Unrealized Gains (Losses)	99,158
Other Interest Income	<u>1,917</u>
	<u>\$ 119,709</u>



UNITED WAY OF ETOWAH COUNTY, INC.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2020 and 2019

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NOTE 6 – LONG-TERM DEBT

Long-term debt at December 31, 2020, consists of the following:

Exchange Bank of Alabama - note payable due in monthly installments of \$1,973, including interest at a fixed rate of 3.94% through February 2028, collateralized by a building. \$ 79,161

Principal maturities for the year ended December 31 were as follows:

2021	\$ 9,883
2022	10,279
2023	10,692
2024	11,120
2025	11,567
2026 & Thereafter	<u>25,620</u>
	<u>\$ 79,161</u>

NOTE 7 – LIQUIDITY AND AVAILABILITY OF RESOURCES

The Organization's financial assets available within one year of the balance sheet date for general expenditures are as follows:

Cash	\$ 546,370
Bank Certificates of Deposit	100,000
Marketable Securities	922,068
Unconditional Promises to Give - Net of Allowance For Uncollectible Amounts of \$100,759 and \$366,624 for years ended December 31, 2020 and 2019, respectively	<u>698,029</u>
	<u>2,266,467</u>

Donor-Imposed Restrictions:

Amounts Restricted as to use for next Allocation Period (558,359)

Financial Assets available to meet cash needs for general expenditures within one year \$ 1,708,108

UNITED WAY OF ETOWAH COUNTY, INC.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2020 and 2019

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NOTE 8 – RETIREMENT PLAN

The Organization participates in a defined contribution retirement plan covering qualified employees, as defined. Full-time employees who have reached a minimum of age 21 are eligible to participate in the plan beginning January 1 of the following year of their employment. The plan requires United Way to contribute 5% of the base pay for all eligible participants. Contributions to the plan amounted to \$10,080 and \$12,154 for December 31, 2020 and 2019.

NOTE 9 – CARES ACT GRANT

In April 2020, the Organization received an SBA Paycheck Protection Program Loan in the amount of \$85,300. The Organization is accounting for the loan as a grant from the government. Proceeds of the loan were initially recorded as deferred revenue and recognized as grant revenue in the Statement of Activities as it was earned. All related expenses were incurred prior to December 31, 2020. In February 2021, the Organization applied for, and received, forgiveness of the loan from the Small Business Administration.

NOTE 10 – POTENTIAL ECONOMIC IMPACTS

As a result of the COVID-19 worldwide pandemic during 2020, much of the United States economy has slowed and been negatively impacted. There remains considerable uncertainty about the duration of the pandemic and any future potential disruptions the pandemic may cause to the U.S. economy or to the company's operations and financial condition. As of the date of this report, the overall financial impact to the company is unknown.

NOTE 11 – SUBSEQUENT EVENTS

On January 28, 2021, the Organization applied for and received the Small Business Administrative Paycheck Protection Program Round 2 for \$85,312 and expects the loan to be fully forgiven by the year ended December 31, 2021.