

UNITED WAY OF LEE COUNTY, INC.

Financial Statements

December 31, 2019 and 2018

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITORS' REPORT	3
FINANCIAL STATEMENTS	
Statements of Financial Position	4
Statements of Activities	5
Statements of Functional Expenses	9
Statements of Cash Flows	11
Notes to Financial Statements	12

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
United Way of Lee County, Inc.
Opelika, Alabama

We have audited the accompanying financial statements of United Way of Lee County, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2019 and 2018 and the related statements of activities, functional expenses, and cash flows for the years 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 Lee County, Inc. as of December 31, 2019 and 2018 and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.



Himmelwright, Huguley & Boles, LLC
Opelika, Alabama
July 23, 2020

UNITED WAY OF LEE COUNTY, INC.
 Statements of Financial Position
 December 31, 2019 and 2018

	2019	2018
Assets		
Current assets		
Cash and cash equivalents	\$ 232,290	\$ 190,849
Designated cash	381,957	345,408
Restricted cash	256,965	-
Certificates of deposit	93,520	182,235
Other current assets	2,627	2,627
Unconditional promises to give (less allowances of \$70,829 and \$85,622, respectively)	454,520	449,271
	1,421,879	1,170,390
Fixed assets		
Buildings	231,338	231,338
Equipment	20,494	20,494
Land	35,000	35,000
Furniture and fixtures	35,264	35,263
	322,096	322,095
Less accumulated depreciation	(181,623)	(174,734)
Net fixed assets	140,473	147,361
Certificates of deposit maturing in more than one year	185,054	91,468
Investments	373,449	321,696
	558,503	413,164
	\$ 2,120,855	\$ 1,730,915
Liabilities and Net Assets		
Current liabilities		
Accrued and other liabilities	\$ 7,519	\$ 3,660
Deferred revenue	3,447	-
Total liabilities	10,966	3,660
Net assets		
Without donor restrictions	1,289,408	1,127,124
With donor restrictions	820,481	600,131
	2,109,889	1,727,255
	\$ 2,120,855	\$ 1,730,915

See notes to financial statements.

UNITED WAY OF LEE COUNTY, INC.
Statement of Activities
Year ended December 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains, and Other Support			
Campaign applicable to current period			
Contributions received in current period	\$ 340,687	\$ 316,308	\$ 656,995
Contributions received in prior periods (released from restrictions)	625,077	(625,077)	-
Less bad debt for uncollectible pledges	(18,322)	-	(18,322)
	<u>947,442</u>	<u>(308,769)</u>	<u>638,673</u>
Campaign revenue received for next allocation period	-	613,085	613,085
Less bad debt for uncollectible pledges	-	(24,623)	(24,623)
Total campaign for next allocation period	<u>-</u>	<u>588,462</u>	<u>588,462</u>
Total campaign	947,442	279,693	1,227,135
Help Me Grow	28,212	-	28,212
Interest income	4,840	-	4,840
Rental income	7,200	-	7,200
Unrealized gain on marketable securities	56,004	-	56,004
	<u>1,043,698</u>	<u>279,693</u>	<u>1,323,391</u>
Total revenues, gains, and other support	1,043,698	279,693	1,323,391

See notes to financial statements.

UNITED WAY OF LEE COUNTY, INC.
Statement of Activities
Year ended December 31, 2019
(Continued)

	Without Donor Restrictions	With Donor Restrictions	Total
Allocations to Agencies, Programs, and Others			
Agency allocations	\$ 595,075	\$ -	\$ 595,075
Disaster relief	-	59,343	59,343
Help Me Grow	2,173	-	2,173
Special allocations to agencies and others	3,666	-	3,666
Total allocations to agencies, programs, and others	600,914	59,343	660,257
 Functional Expenses			
Program services	162,988	-	162,988
Fund raising	54,786	-	54,786
Management and general	62,726	-	62,726
Total functional expenses	280,500	-	280,500
Total allocations and expenses	881,414	59,343	940,757
Change in net assets	162,284	220,350	382,634
Net assets, beginning of year	1,127,124	600,131	1,727,255
Net assets, end of year	\$ 1,289,408	\$ 820,481	\$ 2,109,889

See notes to financial statements.

UNITED WAY OF LEE COUNTY, INC.
Statement of Activities
Year ended December 31, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains, and Other Support			
Campaign applicable to current period			
Contributions received in current period	\$ 300,945	\$ -	\$ 300,945
Contributions received in prior periods (released from restrictions)	662,970	(662,970)	-
Less bad debt for uncollectible pledges	(76,073)	-	(76,073)
	<u>887,842</u>	<u>(662,970)</u>	<u>224,872</u>
Campaign revenue received for next allocation period	-	625,077	625,077
Less bad debt for uncollectible pledges	-	(24,946)	(24,946)
Total campaign for next allocation period	<u>-</u>	<u>600,131</u>	<u>600,131</u>
Total campaign	887,842	(62,839)	825,003
Interest income	6,211	-	6,211
Rental income	4,800	-	4,800
Miscellaneous income	18,945	-	18,945
Unrealized loss on marketable securities	(21,575)	-	(21,575)
	<u>896,223</u>	<u>(62,839)</u>	<u>833,384</u>
Total revenues, gains, and other support	896,223	(62,839)	833,384

See notes to financial statements.

UNITED WAY OF LEE COUNTY, INC.
Statement of Activities
Year ended December 31, 2018
(Continued)

	Without Donor Restrictions	With Donor Restrictions	Total
Allocations to Agencies, Programs, and Others			
Agency allocations	\$ 595,254	\$ -	\$ 595,254
Special allocations to agencies and others	2,606	-	2,606
Total allocations to agencies, programs, and others	597,860	-	597,860
Functional Expenses			
Program services	141,336	-	141,336
Fund raising	75,073	-	75,073
Management and general	63,531	-	63,531
Total functional expenses	279,940	-	279,940
Total allocations and expenses	877,800	-	877,800
Change in net assets	18,423	(62,839)	(44,416)
Net assets, beginning of year	1,108,701	662,970	1,771,671
Net assets, end of year	\$ 1,127,124	\$ 600,131	\$ 1,727,255

See notes to financial statements.

UNITED WAY OF LEE COUNTY, INC.
Statement of Functional Expenses
Year ended December 31, 2019

	Program Services	Fund- Raising	Management and General	Total
Salaries and wages	\$ 120,457	\$ 37,755	\$ 21,574	\$ 179,786
Employee benefits	18,668	5,851	3,344	27,863
Total personnel costs	139,125	43,606	24,918	207,649
Supplies	4,860	11,180	1,886	17,926
Membership dues	-	-	10,624	10,624
Telephone and utilities	5,114	-	4,357	9,471
Professional fees	6,696	-	5,704	12,400
Insurance	1,848	-	1,574	3,422
Repairs and maintenance	228	-	1,768	1,996
Miscellaneous	-	-	7,583	7,583
Travel	-	-	417	417
Postage and shipping	1,397	-	-	1,397
Education and conferences	-	-	727	727
Total expenses before depreciation	159,268	54,786	59,558	273,612
Depreciation	3,720	-	3,168	6,888
Total expenses	\$ 162,988	\$ 54,786	\$ 62,726	\$ 280,500

See notes to financial statements.

UNITED WAY OF LEE COUNTY, INC.
Statement of Functional Expenses
Year ended December 31, 2018

	Program Services	Fund- Raising	Management and General	Total
Salaries and wages	\$ 99,313	\$ 55,755	\$ 19,166	\$ 174,234
Employee benefits	15,558	8,734	3,002	27,294
Total personnel costs	114,871	64,489	22,168	201,528
Supplies	4,860	10,584	5,518	20,962
Membership dues	-	-	10,259	10,259
Telephone and utilities	5,913	-	5,037	10,950
Professional fees	7,068	-	5,332	12,400
Insurance	1,852	-	1,397	3,249
Repairs and maintenance	228	-	2,529	2,757
Direct service	1,296	-	-	1,296
Miscellaneous	-	-	5,030	5,030
Postage and shipping	1,798	-	-	1,798
Education and conferences	-	-	3,551	3,551
Total expenses before depreciation	137,886	75,073	60,821	273,780
Depreciation	3,450	-	2,710	6,160
Total expenses	\$ 141,336	\$ 75,073	\$ 63,531	\$ 279,940

See notes to financial statements.

UNITED WAY OF LEE COUNTY, INC.
 Statements of Cash Flows
 Years ended December 31, 2019 and 2018

	2019	2018
Operating Activities		
Change in net assets	\$ 382,634	\$ (44,416)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	6,888	6,160
Bad debt for uncollectible pledges	42,945	101,019
Net unrealized (gain) loss on marketable securities	(56,004)	21,575
Changes in operating assets and liabilities:		
Unconditional promises to give	(48,194)	(41,061)
Accrued and other liabilities	3,859	(62)
Deferred revenue	3,447	-
	335,575	43,215
 Investing Activities		
Purchase of fixed assets	-	(4,943)
Changes in certificates of deposit	(4,871)	(5,779)
Changes in restricted cash	(256,965)	-
Changes in designated cash	(36,549)	15,185
Changes in marketable securities	4,251	4,292
	(294,134)	8,755
Net cash (used in) provided by investing activities		
Net increase in cash and cash equivalents	41,441	51,970
Cash and cash equivalents, beginning of year	190,849	138,879
Cash and cash equivalents, end of year	\$ 232,290	\$ 190,849

See notes to financial statements.

UNITED WAY OF LEE COUNTY, INC.
Notes to Financial Statements
December 31, 2019 and 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activity

The United Way of Lee County, Inc. (the “Organization”) is a non-profit, voluntary health agency.

The Board of Directors and management employees of the Organization acknowledge that, to the best of their ability, all assets received have been used for the purpose for which they were contributed, or have been accumulated to allow management to conduct the operations of the Organization as effectively and efficiently as possible.

In 1988, the Auburn United Fund and the Community Chest of Opelika, Inc. merged to form the Organization. The purpose of this merger was to enable the Organization to serve the community in a more efficient manner and to combine the talents of both organizations.

Basis of Accounting

The financial statements of the Organization have been prepared in accordance with accounting principles generally accepted in the United States of America. In preparing the financial statements, management evaluated subsequent events through July 23, 2020, the date the financial statements were available to be issued.

Estimates

The Organization prepares its financial statements in accordance with accounting principles generally accepted in the United States of America, which require that management 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 revenue and expenses during the reporting period. Consequently, actual results could differ from those estimates.

Financial Statement Presentation

The Organization reports information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions.

Net assets without donor restrictions are those net assets not subject to donor-imposed stipulations and that have no time restrictions. Such resources are available for support of the Organization’s operations over which the Board of Directors has discretionary control.

Net assets with donor restrictions are those net assets subject to donor-imposed stipulations that will be met by Organization actions or by passage of time. When a stipulated time restriction ends or purpose restriction is accomplished, such donor restricted net assets are reclassified to without donor restrictions net assets and reported in the Statements of Activities as net assets released from restrictions.

UNITED WAY OF LEE COUNTY, INC.
Notes to Financial Statements
December 31, 2019 and 2018
(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Donated Inventory and Services

Donated inventory, services and gifts in kind have not been reflected in the accompanying financial statements since no objective basis is available to measure the value of such inventory and services. Nevertheless, a substantial number of volunteers have donated significant amounts of their time in the Organization's program services and in its fundraising campaigns.

Cash and Cash Equivalents

The Organization considers all instruments with an original maturity of three months or less to be cash and cash equivalents. Cash equivalents consist of money market securities stated at fair value which approximates cost. Cash and cash equivalents are maintained at financial institutions and, at times, balances may exceed federally insured limits. These amounts represent actual account balances held by financial institutions at the end of the period, and unlike the balances reported in the financial statements, the account balances do not reflect timing delays inherent in reconciling items such as outstanding checks and deposits in transit. The Organization has never experienced any losses related to these balances.

Unconditional Promises to Give

Unconditional promises to give are recognized as revenues in the period the promise is received. Conditional contribution receivables are recognized when the conditions on which they depend are substantially met. The Organization uses the allowance method to determine uncollectible unconditional promises to give. The allowance is based on prior years' experience and management's analysis of specific promises made.

Fixed Assets

Fixed assets are recorded at cost and include buildings, equipment, land and furniture and fixtures. Buildings, equipment, and furniture and fixtures are depreciated using the straight-line method over the assets' estimated useful lives. The Organization capitalizes all assets with estimated useful lives exceeding one year. Estimated lives are generally as follows:

Buildings	- 40 years
Equipment	- 5 to 7 years
Furniture and fixtures	- 5 to 7 years

UNITED WAY OF LEE COUNTY, INC.
Notes to Financial Statements
December 31, 2019 and 2018
(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Investments

Investments are carried at fair value. Net appreciation/(depreciation) in the fair value of investments, which includes realized gains and losses and unrealized gains and losses on those investments, is reported in the Statements of Activities. Investment income is presented net of investment advisory and custodial fees. Expenses relating to investment income, including investment advisory and custodial fees, totaled \$4,251 and \$4,292 during the years ended December 31, 2019 and 2018, respectively, and are recorded within the caption Miscellaneous in the Organization's Statements of Functional Expenses. Cost basis is determined on the date of purchase. Securities received as gifts are recorded at fair value at the date of the gift. Investment securities are exposed to various risks such as interest rate, market, and credit. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in value of investment securities, it is at least possible that changes in risks in the near term could materially affect investment balances.

Investments also consist of certificates of deposit which have original maturities ranging from twelve to sixty months and are carried at cost plus accrued interest which approximates fair value.

Income Taxes

The Organization is exempt from income tax under Section 501(c)(3) of the U.S. Internal Revenue Code and comparable state law, and contributions to it are tax deductible within the limits prescribed by the code. The Organization recognizes all tax positions that it does not believe will be sustained upon examination by the tax authorities. As of December 31, 2019 and 2018, the Organization had no uncertain tax positions that qualify for either recognition or disclosure in the financial statements based on an assessment of many factors including experience and interpretations of tax laws applied to the facts of each matter for all open tax years.

Concentration of Credit Risk

Financial instruments, which potentially subject the Organization to concentrations of credit risk, consist primarily of unconditional promises to give, substantially all of which are from individuals, businesses, or non-profit foundations in the Lee County area. Concentrations of credit risk are material since the Organization has a small number of very large donors. As of December 31, 2019 and 2018, the Organization received approximately 10% and 14% of its annual revenues from two donors.

UNITED WAY OF LEE COUNTY, INC.

Notes to Financial Statements

December 31, 2019 and 2018

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Donor-Imposed Restrictions

All current campaign contributions (2020 Campaign) are classified as with donor restrictions because they are subject to a time restriction. The Organization does not release current campaign contributions until the first quarter of the following year. Campaign contributions, other than time-restricted contributions, are considered to be without donor restrictions and are available to use unless specifically restricted by the donor for a specific program or time period. Amounts received that are designated for future periods or are restricted by the donor for a specific purpose are reported as with donor restrictions. Donor-restricted contributions whose restrictions are met in the current reporting period are recorded as without donor restrictions. When a donor restriction or time restriction expires, donor restricted net assets are reclassified to without donor restricted net assets and are reported in the Statements of Activities as net assets released from restrictions.

Functional Expenses

The costs of providing the program and related supporting services have been summarized on the functional basis in the Statements of Activities and Statements of Functional Expenses. Expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and employee benefits, office expenses, and depreciation. Management determined, based on the nature of the Organization's operations and organizational structure, that the principal drivers of expenses are employees' responsibilities and square footage of office space. Therefore, employees' responsibilities are used as a basis for allocating salaries and employee benefits, and the square footage of office space is used as the basis for allocating office expenses and depreciation.

Fair Value

The established framework for measuring fair value provides a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. Fair value is the price the Organization would expect to receive to sell an asset or pay to transfer a liability in an orderly transaction with a market participant at the measurement date. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

UNITED WAY OF LEE COUNTY, INC.
Notes to Financial Statements
December 31, 2019 and 2018
(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

The three levels of the fair value hierarchy are described as follows:

Level 1- Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2- Inputs to the valuation methodology include:

- 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 prices that are observable for the asset or liability.
- Inputs which 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 asset or liability.

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

The 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 maximize the use of observable inputs and minimize the use of unobservable inputs.

NOTE 2 - CASH AND CASH EQUIVALENTS

Cash and cash equivalents consisted of the following at December 31,

	<u>2019</u>	<u>2018</u>
Regions Bank	\$ 24,518	\$ 24,518
Savings account	134,526	134,678
Money market	141,774	129,257
Andrew Willis memorial fund	6,378	-
Disaster relief account	256,965	-
William Mason account	45,450	46,478
2017 campaign account	178	178
2018 campaign account	11,436	11,349
2019 campaign account	249,987	189,799
	<u>\$ 871,212</u>	<u>\$ 536,257</u>

UNITED WAY OF LEE COUNTY, INC.

Notes to Financial Statements

December 31, 2019 and 2018

(Continued)

NOTE 3 - LIQUIDITY AND AVAILABILITY

The following table reflects the Organization's financial assets at December 31, 2019, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year. Assets with donor restrictions do not reduce the financial assets available to meet the needs for general expenditures within one year as they are available beginning January 1, 2020.

At December 31, 2019, financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the Statement of Financial Position date, consist of the following:

Financial assets	\$ 1,792,701
Less those unavailable for general expenditures within one year, due to:	
Assets with donor restrictions	256,965
Assets with board designations (Note 9)	<u>381,957</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 1,153,779</u></u>

NOTE 4 - FAIR VALUE

The following is a description of the valuation methodology used for assets measured at fair value. There were no changes in the methodologies used during the years ended December 31, 2019 and 2018.

- *Cash Investments and Money Market Funds*: Valued at amortized cost which approximates fair value.
- *Debt and Equity Securities*: Valued based on quoted market prices, when available, or market prices provided by recognized broker dealers. Securities traded in the over-the-counter market and listed securities for which no sale was reported on that date are stated at the last quoted bid price. Government-sponsored enterprises and commercial paper are stated at cost plus accrued interest, which approximates fair value.
- *Donated Land*: Valued based upon an estimated value where limited market comparisons are available.

The preceding methods described may produce a fair value calculation that may not be indicative of net realized value or reflective of future fair values. Furthermore, although management believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

UNITED WAY OF LEE COUNTY, INC.
Notes to Financial Statements
December 31, 2019 and 2018
(Continued)

NOTE 4 - FAIR VALUE - Continued

The following table sets forth, by level with the fair value hierarchy, the Organization's investment assets at fair value, as of December 31, 2019 and 2018:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
December 31, 2019				
Money markets	\$ 141,774	\$ 141,774	\$ -	\$ -
Cash investments	4,751	4,751	-	-
Debt securities	143,142	143,142	-	-
Equity securities	222,552	222,552	-	-
Donated land	3,004	-	3,004	-
	<u>\$ 515,223</u>	<u>\$ 512,219</u>	<u>\$ 3,004</u>	<u>\$ -</u>
December 31, 2018				
Money markets	\$ 129,257	\$ 129,257	\$ -	\$ -
Cash investments	148	148	-	-
Debt securities	131,496	131,496	-	-
Equity securities	187,048	187,048	-	-
Donated land	3,004	-	3,004	-
	<u>\$ 450,953</u>	<u>\$ 447,949</u>	<u>\$ 3,004</u>	<u>\$ -</u>

NOTE 5 - CERTIFICATES OF DEPOSIT

Below is a summary of the Organization's certificate of deposits as of December 31:

	2019	2018
BBVA	\$ 93,520	\$ -
CenterState Bank	92,520	91,468
Southern States Bank	92,534	182,235
	<u>\$ 278,574</u>	<u>\$ 273,703</u>

UNITED WAY OF LEE COUNTY, INC.
Notes to Financial Statements
December 31, 2019 and 2018
(Continued)

NOTE 6 - INVESTMENTS

Below is a summary of the Organization's investments and donated property, at fair market value, as of December 31:

	<u>2019</u>	<u>2018</u>
Cash investments	\$ 4,751	\$ 148
Equity securities	222,552	187,048
Donated land	3,004	3,004
Debt securities	143,142	131,496
Total fair value	<u>373,449</u>	<u>321,696</u>
Less: accumulated unrealized gain	<u>(124,600)</u>	<u>(68,596)</u>
Total cost/donated value	<u>\$ 248,849</u>	<u>\$ 253,100</u>

NOTE 7 - CONTRIBUTIONS

Contributions for the calendar years 2019 and 2018 consisted of the following:

	<u>2019</u>	<u>2018</u>
From 2018 campaign	\$ -	\$ 300,945
From 2019 campaign	340,687	625,077
From 2020 campaign	613,085	-
Less allowance for uncollectible pledges	(42,945)	(101,019)
Disaster relief	<u>316,308</u>	<u>-</u>
	<u>\$ 1,227,135</u>	<u>\$ 825,003</u>

NOTE 8 - RESTRICTIONS RELEASED AND WITH DONOR RESTRICTIONS

Contributions with time restrictions are to be classified as with donor restrictions contributions. Accordingly, the Organization's contributions for the current campaign (the 2020 Campaign) are not distributed until the end of the first quarter of the following year. Therefore, current campaign contributions are classified as with donor restrictions in the accompanying Statements of Activities. Also, with donor restrictions from the prior year contributions must be reclassified to without donor restriction contributions. At December 31, 2019 and 2018, with donor restrictions contributions totaled \$820,481 and \$600,131, respectively. During the years ended December 31, 2019 and 2018, the Organization released \$625,077 and \$662,970 from with donor restrictions net assets to without donor restrictions net assets, respectively. During the year ended December 31, 2019, contributions restricted for use in the disaster relief following the March tornadoes in Lee County totaled

UNITED WAY OF LEE COUNTY, INC.
Notes to Financial Statements
December 31, 2019 and 2018
(Continued)

NOTE 8 - RESTRICTIONS RELEASED AND WITH DONOR RESTRICTIONS – Continued

\$316,308. As of December 31, 2019, \$256,965 of these contributions were included in restricted cash and included in net assets with donor restrictions.

NOTE 9 - BOARD DESIGNATED NET ASSETS

The Organization’s administrative board has designated from net assets without donor restrictions totaling \$1,289,408 and \$1,127,124 for the years ended December 31, 2019 and 2018, respectively, to be used for the following purposes as of December 31:

	2019	2018
Reserve for agency payments	\$ 330,129	\$ 298,930
William Mason fund	45,450	46,478
Andrew Willis Memorial fund	6,378	-
	\$ 381,957	\$ 345,408

As of December 31, 2019 and 2018, the Organization is in compliance with United Way National’s recommendation that two quarters’ of agency payments be kept in reserve in case of disaster which are included in board designated net assets. In addition, the Board has designated specific accounts to hold unrestricted funds that act as reserve accounts for use toward special needs, venture grants, and the William Mason Emergency fund. As of December 31, 2019 and 2018, the Organization had \$381,957 and \$345,408 in designated cash, respectively. In January of 2019 and 2018, the Organization’s Board budgeted to allocate approximately \$547,600 and \$738,950 to its various agencies during the years ended December 31, 2019 and 2018, respectively.

UNITED WAY OF LEE COUNTY, INC.

Notes to Financial Statements

December 31, 2019 and 2018

(Continued)

NOTE 10 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions were restricted for the following purposes at December 31:

	<u>2019</u>	<u>2018</u>
Non United Way agency	\$ 530	\$ 828
United Way affiliated agency	2,581	366
United Way community fund	525,929	557,546
United Way impact area of care	17,919	26,784
United Way member agency	16,557	14,607
Disaster relief	256,965	-
	<u>\$ 820,481</u>	<u>\$ 600,131</u>

NOTE 11 - TAX DEFERRED PENSION

In 1989, the Organization enrolled in a tax-deferred annuity plan with Mutual of America for its employees. As the annuity assets belong to the plan, the balances are not shown on the Organization's Statements of Financial Position. Employer contributions to the plan totaled \$4,434 and \$5,207 for the years ended December 31, 2019 and 2018, respectively.

NOTE 12 - LEASES

The Organization has a lease agreement on its copy machine. In July of 2019, the Organization entered into a lease for a copier with a payment of \$145 per month for 36 months. Rent expense paid under the lease agreement during the year ended December 31, 2019 totaled \$1,644. At December 31, 2019, future amounts due under the noncancelable operating lease agreement for next year are as follows:

2020	\$ 1,740
2021	1,740
2022	<u>870</u>
	<u>\$ 4,350</u>

NOTE 13 - COVID-19

Beginning in January 2020, concerns related to the spread of the novel coronavirus disease, Covid-19, have caused a disruption to the Organization's operations. While the Organization expects this interruption to be temporary, there is uncertainty around its duration and its broader impact, and therefore the effects it will have on operations. Management expects a decrease in contribution revenue as a result to this pandemic.