

**Independent Auditor's Report and Financial Statements**

**UNITED WAY OF UNION COUNTY, INC.**

**For the year ended DECEMBER 31, 2019**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
The United Way of Union County, Inc.  
El Dorado, Arkansas

### Report on the Financial Statements

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

*Parks & Company PLC*

El Dorado, Arkansas  
August 5, 2020

**The United Way of Union County, Inc.  
Statement of Financial Position  
December 31, 2019**

**ASSETS**

**Current Assets**

Cash and cash equivalents	\$ 353,604
Accounts receivable - endowment	82,052
Contributions receivable, net	<u>954,610</u>
Total current assets	<u>1,390,266</u>

**Investments**

Agency accounts, at fair value	3,023,911
Beneficial interest held in trust, at fair value	<u>5,042,453</u>
Total investments	<u>8,066,364</u>

**Property and Equipment**

Office equipment and property	44,539
Accumulated depreciation	<u>(36,779)</u>
Net property and equipment	<u>7,760</u>

**TOTAL ASSETS**

\$ 9,464,390

**LIABILITIES AND NET ASSETS**

**Liabilities**

Promises to give to others	\$ 1,073,296
Due to National Agency	14,617
Payroll taxes payable and other liabilities	3,979
Deferred revenue	<u>500</u>
Total liabilities	<u>1,092,392</u>

**Net Assets**

Without Donor Restrictions	
Undesignated	3,329,545
With Donor Restrictions	
Endowment	<u>5,042,453</u>
Total net assets	<u>8,371,998</u>

**TOTAL LIABILITIES AND NET ASSETS**

\$ 9,464,390

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

**The United Way of Union County, Inc.**  
**Statement of Activities**  
**For the Year Ended December 31, 2019**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>Public support and revenues</b>			
Gross campaign contributions	\$ 1,261,657		1,261,657
Less provision for uncollectible pledges	(187,726)		(187,726)
Net campaign contributions	<u>1,073,931</u>	-	<u>1,073,931</u>
Contributions - other	<u>54,295</u>		<u>54,295</u>
Total public support, revenues and reclassifications	<u>1,128,226</u>	-	<u>1,128,226</u>
<b>Operating Expenses</b>			
Program services			
Agency allocations	1,073,296		1,073,296
Other	45,679		45,679
Total program expenses	<u>1,118,975</u>	-	<u>1,118,975</u>
Supporting services expense			
Management and general	132,978	-	132,978
Fundraising	49,003	-	49,003
	<u>181,980</u>		<u>181,980</u>
Total program and supporting services	1,300,955	-	1,300,955
National United Way Dues	14,617		14,617
Total expenses	<u>1,315,572</u>	-	<u>1,315,572</u>
<b>Operating income (loss)</b>	(187,346)	-	(187,346)
<b>Non-operating activities:</b>			
Interest and dividend income	59,714	96,281	155,995
Net realized gains on investments	26,881	30,469	57,350
Net unrealized gains on investments	160,188	1,161,967	1,322,155
Investment advisory fees	(12,116)	(4,361)	(16,477)
<b>Non-operating income</b>	<u>234,667</u>	<u>1,284,356</u>	<u>1,519,023</u>
Net assets released from restrictions:			
Assets released for satisfaction of time restrictions	<u>82,052</u>	<u>(82,052)</u>	<u>-</u>
<b>Change in net assets</b>	129,373	1,202,304	1,331,677
<b>Net assets beginning of year</b>	<u>3,200,172</u>	<u>3,840,149</u>	<u>7,040,321</u>
<b>Net assets end of year</b>	<u>\$ 3,329,545</u>	<u>\$ 5,042,453</u>	<u>8,371,998</u>

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

**The United Way of Union County, Inc.**  
**Statement of Functional Expenses**  
**For the Year Ended December 31, 2019**

	Program Services	Supporting Services			Total Functional Expenses
		Management & General	Fund Raising	Total	
Salaries	\$ 5,803	75,442	34,820	110,262	116,065
Employee benefits	1,117	14,515	6,699	21,214	22,331
Payroll taxes	444	5,771	2,664	8,435	8,879
Total salaries, benefits and taxes	7,364	95,729	44,183	139,911	147,275
Agency allocations	1,073,296	-	-	-	1,073,296
Community Impact Grants	5,000			-	5,000
Professional fees		6,900		6,900	6,900
Office expense		273		273	273
Campaign supplies			4,272	4,272	4,272
Telephone		2,970		2,970	2,970
Postage		1,077		1,077	1,077
Occupancy		7,644		7,644	7,644
Insurance		3,311		3,311	3,311
Travel		1,011		1,011	1,011
Conference and conventions		735		735	735
Administrative		1,641		1,641	1,641
Credit card fees			548	548	548
Repair and maintenance		247		247	247
Public relations		158		158	158
Advertising		60		60	60
Computer and computer programs		7,773		7,773	7,773
Community Impact Initiative	36			-	36
Website		700		700	700
Imagination library	31,890			-	31,890
Power of the Purse	1,389			-	1,389
Depreciation & amortization		2,749		2,749	2,749
	<u>\$ 1,118,975</u>	<u>132,978</u>	<u>49,003</u>	<u>181,980</u>	<u>1,300,955</u>

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

**The United Way of Union County, Inc.**  
**Statement of Cash Flows**  
**For the Year Ended December 31, 2019**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Pledges collected -	
Current and prior year campaigns	\$ 1,071,228
Future campaigns	500
Non-pledged contributions	54,295
	<u>1,126,023</u>
Cash paid for:	
Agency allocations and community impact grants	(1,055,500)
Salaries, employee insurance, payroll taxes and pension	(146,247)
Office operations	(15,265)
National United Way dues	(11,548)
Occupancy	(7,644)
Professional fees	(6,900)
Campaign supplies and expenses	(4,272)
Insurance	(3,312)
Public relations and advertising	(218)
Travel, conferences and conventions	(1,746)
Imagination Library/Power of the Purse	(33,279)
	<u>(1,285,931)</u>
Net cash provided (used) by operating activities	<u>(159,908)</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Dividends and interest from investments	59,182
Trustee fees and expenses	(12,105)
Purchases of fixed assets	(8,150)
Purchases of investments	(1,013,696)
Proceeds from maturities and sales of investments	997,321
	<u>22,552</u>
Net cash provided (used) by investing activities	<u>(137,356)</u>
Decrease in cash and cash equivalents	(137,356)
Cash and cash equivalents, beginning of year	623,290
	<u>623,290</u>
Cash and cash equivalents, end of year	<u>\$ 485,934</u>

**Cash and cash equivalents are included in the following categories in the statement of financial position:**

Current assets	\$ 353,604
Investment accounts	132,330
	<u>132,330</u>
Total cash and cash equivalents	<u>\$ 485,934</u>

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

**The United Way of Union County, Inc.**  
**Notes to Financial Statements**  
**December 31, 2019**

**NOTE 1: PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES**

***Nature of the Organization***

The United Way of Union County, Inc. (United Way) is a non-profit, voluntary health and welfare organization governed by a volunteer Board of Directors (the "Board"). The purposes of United Way are to stimulate interest and participation of the citizens of Union County, Arkansas on behalf of the worthy charitable, health and welfare organizations; to promote efficiency by providing a means through which annual contributions can be made in one gift or pledge by reducing to a minimum multiple fund raising efforts; and to promote cooperation not only among participating agencies but among all such organizations in Union County, Arkansas.

***Cash and Cash Equivalents***

Cash and cash equivalents include demand deposits, mutual fund money market accounts and all short-term investments with maturity dates of three months or less.

***Contributions Receivable***

Contributions receivable are unconditional promises to give that are recognized as contributions when the promise is received. Contributions receivable that are expected to be collected in less than one year are reported at net realizable value. Contributions receivable that are expected to be collected in more than one year are recorded at fair value at the date of promise. That fair value is computed using a present value technique applied to anticipated cash flows. Amortization of the resulting discount is recognized as additional contribution revenue. Promises that remain uncollected more than one year after their due dates are written off unless the donors indicate that payment is merely postponed.

***Property and Equipment***

Property and equipment purchased by the United Way are recorded at cost at the date of acquisition. Contributed assets are capitalized at their fair values at the date of contribution. Depreciation of property and equipment is provided over the estimated useful lives of the respective assets on a straight-line basis. Following is a summary of the estimated useful lives of the different classes of assets:

Furniture and equipment	5 years
-------------------------	---------

***Investments***

Investments are carried at fair value, which is determined based on quoted market prices. Realized and unrealized gains and losses are reflected in the statement of activities. Gains and losses on sales transactions are recorded when realized based on the original cost (amortized in the case of bonds) of the investments sold based on the specific identification method. Earnings from investments are recorded as interest and dividends and are reflected in the statement of activities.



**The United Way of Union County, Inc.**  
**Notes to Financial Statements**  
**December 31, 2019**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

***Net Assets***

Net assets, revenues, gains and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

*Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor restrictions.

*Net Assets With Donor Restrictions* – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

***Compensated Absences***

The United Way has not accrued compensated absences because the amount is considered to be immaterial to the financial statements.

***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 amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

***Promises to Give to Others***

Promises to give to others are allocations to other beneficiary agencies. The United Way records the promises to give when the Board of Directors provides its approval and the agencies are notified of their respective allocations. The recording constitutes a current liability and current expense during the year in which the allocations were approved.

***Revenue and Revenue Recognition***

The United Way recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met.

The United Way has adopted Accounting Standards Update (ASU) No. 2018-08 *Not for Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 605)*. There were no changes to previously issued audited financial statements as a result of the adoption.

The United Way has adopted Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. Analysis of the provisions of this standard resulted in no significant changes in the way the United Way recognizes revenue, and therefore no changes to previously issued audited financial statements were required on a retrospective basis.

**The United Way of Union County, Inc.**  
**Notes to Financial Statements**  
**December 31, 2019**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

***Functional Allocation of Expenses***

The costs of programs and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification of detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on direct costs of the program or service or on management's analysis of time devoted to the respective activities for costs shared between programs and services.

***Income Taxes***

The United Way is organized as a nonprofit corporation and has been recognized by the Internal Revenue Service as exempt from federal income taxes under IRC Section 501(a) as an organization described in IRC Section 501(c)(3), qualify for the charitable contribution deduction under IRC Sections 170(b)(1)(A)(vi) and (viii), and have been determined not to be private foundations under IRC Sections 509(a)(1) and (3), respectively.

United Way is subject to income tax on net income that is derived from business activities that are unrelated to its exempt purpose. United Way had no unrelated business income in 2019. Additionally, no tax accrual for uncertain tax positions was recorded as management believes there are no uncertain tax positions at December 31, 2019. The organization is generally no longer subject to examination by the Internal Revenue Service for fiscal years before 2016.

***Subsequent Events***

Management has evaluated events through August 5, 2020, the date the financial statements were available to be issued.

**NOTE 2: LIQUIDITY AND AVAILABILITY**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

Cash and equivalents	\$ 485,934
Contributions receivable and endowment receivable	1,036,662
Operating investments	3,023,911
	<u>\$ 4,546,507</u>

**The United Way of Union County, Inc.**  
**Notes to Financial Statements**  
**December 31, 2019**

**NOTE 3: CONTRIBUTIONS RECEIVABLE**

During 2019, the Board approved the closing of the 2017-18 fundraising campaign. As a result, all contributions receivable at December 31, 2019 relate to the prior and current year's fundraising periods. Management believes that contributions receivable, net of the reserve established for uncollectable accounts, will be fully collected during 2020.

Contributions receivable at December 31, 2019, includes the following:

	Campaign Period		Total
	2018-19	2019-20	
Contributions due in one year	\$ 135,690	1,075,920	1,211,610
Allowance for uncollectible pledges	(75,000)	(182,000)	(257,000)
Pledges receivable, net	<u>\$ 60,690</u>	<u>893,920</u>	<u>954,610</u>

**NOTE 4: INVESTMENTS**

United Way reports certain assets at fair value in the financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. A three tier hierarchy categorizes the inputs as follows:

**Level 1** - Quoted prices (unadjusted) in active markets for identical assets or liabilities that can be accessed at the measurement date.

**Level 2** - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.

**Level 3** - Unobservable inputs for the asset or liability. In these situations, inputs are developed using the best information available in the circumstances.

A significant portion of the United Way's investment assets are classified within Level 1 because they comprise common stocks, mutual funds or exchange traded funds with readily determinable fair values based on daily redemption values. Bonds are valued by the custodians of the securities using pricing models based on credit quality, time to maturity, stated interest rates, and market-rate assumptions and are classified within Level 2.

**The United Way of Union County, Inc.**  
**Notes to Financial Statements**  
**December 31, 2019**

**NOTE 4: INVESTMENTS (continued)**

**AGENCY ACCOUNTS**

United Way maintains agency accounts with Wells Fargo Advisors to invest certain assets in accordance with the organization's investment policy. These accounts are classified as operating accounts of the United Way. The composition of these accounts at December 31, 2019, was as follows:

	#1493 Wells Fargo	#7814 Wells Fargo	Total
Cash equivalents	96,814	35,516	132,330
Stocks & ETFs	-	901,496	901,496
Corporate bonds	-	142,678	142,678
Foreign bonds	-	19,401	19,401
U.S. government bonds	1,627,113	200,893	1,828,006
Account total	<u>1,723,927</u>	<u>1,299,984</u>	<u>3,023,911</u>

Unrealized gains and losses on agency accounts are as follows:

	Cost	Unrealized Gains	Unrealized Losses	Market Value
Stocks & ETFs	793,405	108,091	-	901,496
Corporate bonds	136,048	6,630	-	142,678
Foreign bonds	18,527	874	-	19,401
U.S. government bonds	1,821,976	10,397	(4,367)	1,828,006

The maturity date of United Way's bonds are as follows:

Maturity date of bonds:	Government	Corporate Bonds	Foreign Bonds
2020	750,000		
2021	484,785	10,038	
2022	304,480	8,812	8,848
2023	200,005	9,138	9,679
2024		19,925	
2025	62,159	22,010	
2026		22,093	
2027		23,015	
2028		11,056	
2034		9,961	
2046	20,547		
Total	<u>1,821,976</u>	<u>136,048</u>	<u>18,527</u>

**The United Way of Union County, Inc.**  
**Notes to Financial Statements**  
**December 31, 2019**

**NOTE 4: INVESTMENTS (continued)**

The Agency Account activity for the year ended December 31, 2019 is as follows:

	#1493 Wells Fargo	#7814 Wells Fargo	Total
Balance 12/31/18	1,697,126	1,128,099	2,825,225
Interest/dividends	27,088	30,811	57,899
Realized gains/losses	2,618	24,240	26,858
Unrealized gains/losses	31,794	128,939	160,733
Distributions	(34,699)	-	(34,699)
Investment fees	-	(12,105)	(12,105)
Balance 12/31/19	<u>1,723,927</u>	<u>1,299,984</u>	<u>3,023,911</u>

**BENEFICIAL INTEREST IN PERPETUAL TRUST**

In 1978 The United Way Board of Directors transferred assets in trust to establish an Endowment Fund (Endowment). The Organization is the beneficiary of annual income distributions from the Endowment. The trustee was not granted variance power, that is, the unilateral power to redirect the use of transferred assets to another beneficiary. Because the trust was established by the United Way, the value of the United Way's beneficial interest in the trust is reported in these financial statements at the fair market value of the trust assets.

The composition of the Endowment at December 31, 2019, was as follows:

	Average Yield	Cost	Unrealized Gains	Unrealized Losses	Market Value
Cash equivalents	2.80%	\$ 143,168	-	-	143,168
Equity Securities:					
Common stock	2.02%	818,205	3,524,895	-	4,343,100
Mutual funds	0.12%	561,355	76,881	-	638,236
Total equity securities		<u>1,379,560</u>	<u>3,601,776</u>	<u>-</u>	<u>4,981,336</u>
Mutual funds - Fixed Income		-	-	-	-
Total beneficial interest in trust		<u>\$ 1,522,728</u>	<u>\$ 3,601,776</u>	<u>\$ -</u>	<u>\$ 5,124,504</u>

**The United Way of Union County, Inc.**  
**Notes to Financial Statements**  
**December 31, 2019**

**NOTE 4: INVESTMENTS (continued)**

The endowment fund activity for the year ended December 31, 2019 is as follows:

Balance 12/31/18	3,840,149
Interest/dividends/capital gain distributions	96,280
Realized gains/losses	30,469
Unrealized gains/losses	1,161,967
Distributions	-
Expenses	<u>(4,361)</u>
Balance 12/31/19	<u>5,124,504</u>

At December 31, 2019, the endowment fund was required to transfer \$82,052 to the United Way. The \$82,052 was transferred in January 2020 from the endowment money market funds. The amount required to be transferred is shown as a receivable on the statement of financial condition and the endowment account has been reduced by the same amount.

The following table presents assets measured at fair value on a recurring basis at December 31, 2019:

<u>Assets</u>	<u>Total</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs Level (2)</u>
<b>Operating investments</b>			
Common stocks & ETFs	901,496	901,496	
Corporate Bonds	142,678		142,678
Foreign Bonds	19,401		19,401
U.S. Government obligations	<u>1,828,006</u>		<u>1,828,006</u>
	<u>2,891,581</u>	<u>901,496</u>	<u>1,990,085</u>
<b>Endowment Investments</b>			
Common stocks & ETFs	4,343,100	4,343,100	
Mutual Funds	<u>638,236</u>	<u>638,236</u>	
	<u>4,981,336</u>	<u>4,981,336</u>	<u>-</u>

**NOTE 5: CONTRIBUTED SERVICES**

Contributed services are not recorded due to the lack of specialization of the labor, difficulty of placing a monetary value on them and the absence of control over them. However, a substantial number of volunteers have donated significant amounts of their time in the Organization's program services and in its fundraising.

**The United Way of Union County, Inc.**  
**Notes to Financial Statements**  
**December 31, 2019**

**NOTE 6: PENSION PLAN**

The Organization maintains a Simplified Employee Pension plan (SEP) for all eligible employees. The organization contributed \$14,254 to the plan in 2019.

**NOTE 7: PROPERTY AND EQUIPMENT**

The following is a summary of furniture and equipment as of December 31, 2019.

Furniture, equipment and software	\$ 44,539
Less accumulated depreciation	<u>(36,779)</u>
Furniture and equipment, net of accumulated depreciation	<u>\$ 7,760</u>

Depreciation expense for 2019 was \$2,749.

**NOTE 8: RELATED PARTY TRANSACTIONS**

Affiliation agreements require an annual dues payment to the national United Way organization based on one percent of gross campaign revenue for the previous year. Dues paid by December 31, 2019 for 2018/2019 campaign revenues were \$11,548.

**NOTE 9: LEASES**

The Organization leases office space on a month-to-month basis. Rent expense for 2019 was \$7,644.

**NOTE 10: COMMITMENT TO AGENCY PROGRAMS**

In December 2019, the United Way made unconditional pledges to agency programs for program initiative grant allocations to be paid January 1, 2020 through December 31, 2020. Accordingly, as of December 31, 2019, a liability of \$1,073,296 was recorded for the unconditional promises to give, and not yet paid, as of that date.

**NOTE 11: NET ASSETS WITH DONOR RESTRICTIONS**

In 1978, the Board of Directors of the United Way transferred assets gifted to the United Way, which were intended to provide a perpetual source of income for the United Way, into an irrevocable trust to establish an endowment. Subsequent to the establishment of the irrevocable trust, other donors contributed directly to the trust. By contributing directly to the trust instead of the United Way, the donors implicitly restricted the use of the funds due to the provisions of the trust agreement. The trust is required to distribute the net income of the trust to the United Way each year but principal is retained in accordance with the trust agreement.

**NOTE 12: CONCENTRATIONS OF RISK**

Financial instruments that potentially subject the Organization to concentrations of credit risk consist primarily of cash and contributions receivable. The Organization places its operating cash with local financial institutions. The Federal Deposit Insurance Corporation insures the balances in each financial institution up to \$250,000. As of December 31, 2019, there were \$30,465 of uninsured cash balances at these financial institutions.

**The United Way of Union County, Inc.**  
**Notes to Financial Statements**  
**December 31, 2019**

**NOTE 12: CONCENTRATIONS OF RISK (continued)**

During the year ended December 31, 2019, the Organization had pledges from four contributors of \$980,370 which is approximately 78% of total 2019-2020 campaign pledges. The contributions pledged for the year ending December 31, 2019 were as follows:

	<u>Pledge Amount</u>	<u>% of Total</u>
Murphy USA	\$ 668,442	53%
Murphy Oil Corporation	224,976	18%
El Dorado Chemical	55,864	4%
Lanxess	31,088	2%
Total	<u>\$ 980,370</u>	<u>78%</u>

**NOTE 13: PROGRAM EXPENSES**

Program expenses are incurred for the following programs:

Allocations to partner agencies	\$ 1,073,296
Community Initiatives	6,425
Education Focus Area	<u>31,890</u>
Total cost by program	1,111,611
Salaries and costs related to Program Activities	<u>7,364</u>
Total program costs	<u>\$ 1,118,975</u>

**NOTE 14: SUBSEQUENT EVENTS**

The United Way's operations may be affected by the recent and ongoing outbreak of the coronavirus disease 2019 (COVID-19) which was declared a pandemic by the World Health Organization in March 2020. The ultimate disruption which may be caused by the outbreak is uncertain; however, it may result in a material adverse impact on the Company's financial position, operations and cash flows. Possible effects may include, but are not limited to, disruption to the Company's operations and revenue, absenteeism in the Company's labor workforce, unavailability of products and supplies used in operations, and a decline in value of assets held by the Company.

Additionally, in May 2020, Murphy Oil Corporation announced the relocation of its corporate headquarters from El Dorado, Arkansas to Houston, Texas. The United Way's Board was notified that payroll deductions for employee pledges for the 2019-2020 campaign would cease June 30, 2020. The Board expects a possible pledge loss of \$102,000 from the relocation and has adjusted the pledge loss allowance accordingly.