
RAPPAHANNOCK UNITED WAY, INC.

FINANCIAL REPORT

FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

RAPPAHANNOCK UNITED WAY, INC.
FINANCIAL REPORT
FOR THE YEARS ENDED JUNE 30, 2019 and 2018

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ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

INDEPENDENT AUDITORS' REPORT

TO THE BOARD OF DIRECTORS
RAPPAHANNOCK UNITED WAY, INC.
FREDERICKSBURG, VIRGINIA

We have audited the accompanying financial statements of Rappahannock United Way, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2019 and 2018, and the related statement 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 Rappahannock United Way, Inc. as of June 30, 2019 and 2018, 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.

Change in Accounting Principle

As described in Note 2 to the financial statements, in 2019, Rappahannock United Way, Inc. adopted new accounting guidance, FASB ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. Our opinion is not modified with respect to this matter.

Robinson, Farmer, Cox Associates

Fredericksburg, Virginia
October 11, 2019

- Financial Statements -

RAPPAHANNOCK UNITED WAY, INC.

Statements of Financial Position
At June 30, 2019 and 2018

Assets	2019	2018
Current assets:		
Cash and cash equivalents	\$ 742,531	\$ 918,224
Certificates of deposit	589,165	584,704
Contributions receivable, net	962,532	1,087,249
Other receivables	5,660	635
Prepaid expenses	23,109	23,664
Total current assets	<u>\$ 2,322,997</u>	<u>\$ 2,614,476</u>
Property and equipment:		
Land	\$ 82,161	\$ 82,161
Buildings and improvements	1,189,032	1,186,308
Furniture and equipment	224,651	222,135
Sub-total	<u>\$ 1,495,844</u>	<u>\$ 1,490,604</u>
Accumulated depreciation	(559,166)	(511,796)
Total property and equipment, net	<u>\$ 936,678</u>	<u>\$ 978,808</u>
Total assets	<u><u>\$ 3,259,675</u></u>	<u><u>\$ 3,593,284</u></u>
Liabilities and Net Assets		
Liabilities		
Current liabilities:		
Accounts payable and accrued expenses	\$ 90,989	\$ 106,908
Allocation and grants payable, net	1,433,277	1,721,806
Long-term debt, current maturities	43,093	41,669
Total current liabilities	<u>\$ 1,567,359</u>	<u>\$ 1,870,383</u>
Noncurrent liabilities:		
Long-term debt, net of current maturities	\$ 178,995	\$ 221,975
Total liabilities	<u>\$ 1,746,354</u>	<u>\$ 2,092,358</u>
Net assets		
Without donor restrictions	\$ 1,401,233	\$ 1,423,013
With donor restrictions	112,088	77,913
Total net assets	<u>\$ 1,513,321</u>	<u>\$ 1,500,926</u>
Total liabilities and net assets	<u><u>\$ 3,259,675</u></u>	<u><u>\$ 3,593,284</u></u>

The accompanying notes to financial statements are an integral part of this statement.

RAPPAHANNOCK UNITED WAY, INC.

Statement of Activities
For the Year Ended June 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Public support and revenue:			
Gross campaign results - 2018/2019	\$ 2,497,773	\$ -	\$ 2,497,773
Less: Donor designations	(931,101)	-	(931,101)
Less: Provision for uncollectible pledges	3,015	-	3,015
Net campaign revenue - 2018/2019	<u>\$ 1,569,687</u>	<u>\$ -</u>	<u>\$ 1,569,687</u>
Gross campaign results - 2019/2020	\$ -	\$ 3,972	\$ 3,972
Net campaign revenue - 2019/2020	<u>\$ -</u>	<u>\$ 3,972</u>	<u>\$ 3,972</u>
Sponsorships and special events	\$ 86,296	\$ -	\$ 86,296
Less: Direct costs	(27,110)	-	(27,110)
Service fees	45,604	-	45,604
Grants and contracts	131,749	91,023	222,772
Investment income	5,712	-	5,712
In-kind program revenue	17,199	-	17,199
Miscellaneous income	24,936	-	24,936
Net assets released from restrictions:			
Satisfaction of purpose restrictions	<u>60,820</u>	<u>(60,820)</u>	<u>-</u>
Total public support and revenue	<u>\$ 1,914,893</u>	<u>\$ 34,175</u>	<u>\$ 1,949,068</u>
Expenses:			
Program services:			
Grant making services	\$ 1,700,271	\$ -	\$ 1,700,271
Less: Donor designations	(931,101)	-	(931,101)
Net grant making services	<u>\$ 769,170</u>	<u>\$ -</u>	<u>\$ 769,170</u>
Other program services	570,094	-	570,094
Total program services	<u>\$ 1,339,264</u>	<u>\$ -</u>	<u>\$ 1,339,264</u>
Supporting services:			
Management and general	\$ 329,021	\$ -	\$ 329,021
Fundraising	268,388	-	268,388
Total supporting services	<u>\$ 597,409</u>	<u>\$ -</u>	<u>\$ 597,409</u>
Total expenses	<u>\$ 1,936,673</u>	<u>\$ -</u>	<u>\$ 1,936,673</u>
Change in net assets	\$ (21,780)	\$ 34,175	\$ 12,395
Net assets, beginning of year	<u>1,423,013</u>	<u>77,913</u>	<u>1,500,926</u>
Net assets, end of year	<u><u>\$ 1,401,233</u></u>	<u><u>\$ 112,088</u></u>	<u><u>\$ 1,513,321</u></u>

The accompanying notes to financial statements are an integral part of this statement.

RAPPAHANNOCK UNITED WAY, INC.

Statement of Activities
For the Year Ended June 30, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
Public support and revenue:			
Gross campaign results - 2017/2018	\$ 2,701,709	\$ -	\$ 2,701,709
Less: Donor designations	(1,030,354)	-	(1,030,354)
Less: Provision for uncollectible pledges	(33,922)	-	(33,922)
Net campaign revenue - 2017/2018	<u>\$ 1,637,433</u>	<u>\$ -</u>	<u>\$ 1,637,433</u>
Gross campaign results - 2018/2019	\$ -	\$ 7,000	\$ 7,000
Net campaign revenue - 2018/2019	<u>\$ -</u>	<u>\$ 7,000</u>	<u>\$ 7,000</u>
Sponsorships and special events	\$ 106,420	\$ -	\$ 106,420
Less: Direct costs	(33,083)	-	(33,083)
Service fees	50,104	-	50,104
Grants and contracts	86,353	60,017	146,370
Investment income	5,154	-	5,154
In-kind program revenue	25,263	-	25,263
Miscellaneous income	18,478	-	18,478
Net assets released from restrictions:			
Satisfaction of purpose restrictions	14,619	(14,619)	-
Total public support and revenue	<u>\$ 1,910,741</u>	<u>\$ 52,398</u>	<u>\$ 1,963,139</u>
Expenses:			
Program services:			
Grant making services	\$ 1,897,354	\$ -	\$ 1,897,354
Less: Donor designations	(1,030,354)	-	(1,030,354)
Net grant making services	<u>\$ 867,000</u>	<u>\$ -</u>	<u>\$ 867,000</u>
Other program services	561,008	-	561,008
Total program services	<u>\$ 1,428,008</u>	<u>\$ -</u>	<u>\$ 1,428,008</u>
Supporting services:			
Management and general	\$ 319,920	\$ -	\$ 319,920
Fundraising	315,922	-	315,922
Total supporting services	<u>\$ 635,842</u>	<u>\$ -</u>	<u>\$ 635,842</u>
Total expenses	<u>\$ 2,063,850</u>	<u>\$ -</u>	<u>\$ 2,063,850</u>
Change in net assets	\$ (153,109)	\$ 52,398	\$ (100,711)
Net assets, beginning of year	<u>1,576,122</u>	<u>25,515</u>	<u>1,601,637</u>
Net assets, end of year	<u>\$ 1,423,013</u>	<u>\$ 77,913</u>	<u>\$ 1,500,926</u>

The accompanying notes to financial statements are an integral part of this statement.

RAPPAHANNOCK UNITED WAY, INC.

Statement of Functional Expenses
For the Year Ended June 30, 2019

	Program Services		
	Grant Making Services	All Other Programs	Total
Allocations/awards	\$ 1,700,271	\$ -	\$ 1,700,271
Less: Donor designations	(931,101)	-	(931,101)
Total allocations/awards	<u>\$ 769,170</u>	<u>\$ -</u>	<u>\$ 769,170</u>
Salaries	\$ -	\$ 314,045	\$ 314,045
Payroll taxes	-	22,218	22,218
Employee benefits	-	44,670	44,670
Total salaries, taxes, and benefits	<u>\$ -</u>	<u>\$ 380,933</u>	<u>\$ 380,933</u>
Outside contractors	\$ -	\$ 8,524	\$ 8,524
Supplies	-	36,786	36,786
Telephone	-	3,032	3,032
Postage and shipping	-	887	887
Occupancy	-	17,800	17,800
Equipment rental	-	4,258	4,258
Printing	-	2,890	2,890
Travel	-	4,729	4,729
Conferences, conventions, and meetings	-	1,352	1,352
Insurance	-	1,932	1,932
Training	-	1,972	1,972
Dues and subscriptions	-	15,779	15,779
Advertising	-	23,470	23,470
Repairs and maintenance	-	12,369	12,369
Awards	-	87	87
Professional fees	-	9,835	9,835
Miscellaneous	-	2,627	2,627
In-kind program expense	-	17,199	17,199
Depreciation and amortization	-	23,633	23,633
Total expenses	<u>\$ 769,170</u>	<u>\$ 570,094</u>	<u>\$ 1,339,264</u>

The accompanying notes to financial statements are an integral part of this statement.

Supporting Services				
Management and General	Fundraising	Total	Total	
\$ -	\$ -	\$ -	\$ -	1,700,271
-	-	-	-	(931,101)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>769,170</u>
\$ 214,624	\$ 161,285	\$ 375,909	\$ -	689,954
15,612	11,751	27,363	-	49,581
13,918	19,598	33,516	-	78,186
<u>\$ 244,154</u>	<u>\$ 192,634</u>	<u>\$ 436,788</u>	<u>\$ -</u>	<u>817,721</u>
\$ 5,611	\$ 1,389	\$ 7,000	\$ -	15,524
3,064	10,077	13,141	-	49,927
1,218	1,330	2,548	-	5,580
235	1,359	1,594	-	2,481
13,336	7,809	21,145	-	38,945
2,694	2,230	4,924	-	9,182
193	817	1,010	-	3,900
1,574	2,519	4,093	-	8,822
155	2,741	2,896	-	4,248
1,369	848	2,217	-	4,149
588	519	1,107	-	3,079
10,627	6,777	17,404	-	33,183
4,734	7,327	12,061	-	35,531
10,606	10,774	21,380	-	33,749
146	1,909	2,055	-	2,142
7,175	4,449	11,624	-	21,459
8,174	2,511	10,685	-	13,312
-	-	-	-	17,199
13,368	10,369	23,737	-	47,370
<u>\$ 329,021</u>	<u>\$ 268,388</u>	<u>\$ 597,409</u>	<u>\$ -</u>	<u>1,936,673</u>

RAPPAHANNOCK UNITED WAY, INC.

Statement of Functional Expenses
For the Year Ended June 30, 2018

	Program Services		
	Grant Making Services	All Other Programs	Total
Allocations/awards	\$ 1,897,354	\$ -	\$ 1,897,354
Less: Donor designations	(1,030,354)	-	(1,030,354)
Total allocations/awards	<u>\$ 867,000</u>	<u>\$ -</u>	<u>\$ 867,000</u>
Salaries	\$ -	\$ 289,708	\$ 289,708
Payroll taxes	-	20,754	20,754
Employee benefits	-	34,748	34,748
Total salaries, taxes, and benefits	<u>\$ -</u>	<u>\$ 345,210</u>	<u>\$ 345,210</u>
Supplies	\$ -	\$ 33,692	\$ 33,692
Telephone	-	3,310	3,310
Postage and shipping	-	827	827
Occupancy	-	17,523	17,523
Equipment rental	-	4,218	4,218
Printing	-	5,725	5,725
Travel	-	7,559	7,559
Conferences, conventions, and meetings	-	1,338	1,338
Insurance	-	1,921	1,921
Training	-	689	689
Dues and subscriptions	-	8,155	8,155
Advertising	-	23,984	23,984
Repairs and maintenance	-	13,701	13,701
Awards	-	1,481	1,481
Professional fees	-	40,766	40,766
Miscellaneous	-	3,328	3,328
In-kind program expense	-	25,263	25,263
Depreciation and amortization	-	22,318	22,318
Total expenses	<u>\$ 867,000</u>	<u>\$ 561,008</u>	<u>\$ 1,428,008</u>

The accompanying notes to financial statements are an integral part of this statement.

Supporting Services				
Management and General	Fundraising	Total	Total	
\$ -	\$ -	\$ -	\$ -	1,897,354
-	-	-	-	(1,030,354)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>867,000</u>
\$ 190,494	\$ 193,465	\$ 383,959	\$ -	673,667
13,379	13,888	27,267	-	48,021
22,625	18,260	40,885	-	75,633
<u>\$ 226,498</u>	<u>\$ 225,613</u>	<u>\$ 452,111</u>	<u>\$ -</u>	<u>797,321</u>
\$ 4,627	\$ 13,376	\$ 18,003	\$ -	51,695
1,700	1,429	3,129	-	6,439
270	2,213	2,483	-	3,310
17,177	7,559	24,736	-	42,259
2,235	2,767	5,002	-	9,220
379	1,646	2,025	-	7,750
593	2,365	2,958	-	10,517
150	174	324	-	1,662
1,539	829	2,368	-	4,289
428	924	1,352	-	2,041
8,063	12,777	20,840	-	28,995
1,190	4,865	6,055	-	30,039
11,343	12,602	23,945	-	37,646
1,069	754	1,823	-	3,304
5,017	9,885	14,902	-	55,668
22,885	6,511	29,396	-	32,724
-	-	-	-	25,263
14,757	9,633	24,390	-	46,708
<u>\$ 319,920</u>	<u>\$ 315,922</u>	<u>\$ 635,842</u>	<u>\$ -</u>	<u>2,063,850</u>

RAPPAHANNOCK UNITED WAY, INC.

Statements of Cash Flows
For the Years Ended June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities:		
Change in net assets	\$ 12,395	\$ (100,711)
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities:		
Depreciation and amortization	47,370	46,708
(Increase) decrease in:		
Pledges receivable	124,717	495,255
Other receivables	(5,025)	-
Prepaid expenses	555	(12,533)
Increase (decrease) in:		
Accounts payable and accrued expenses	(15,919)	50,274
Allocation and grants payable	(288,529)	(522,921)
Net cash provided by (used for) operating activities	<u>\$ (124,436)</u>	<u>\$ (43,928)</u>
Cash flows from investing activities:		
Sale (purchase) of property and equipment	\$ (5,240)	\$ (13,954)
Redemption (purchase) of certificates of deposit	(4,461)	(3,896)
Net cash provided by (used for) investing activities	<u>\$ (9,701)</u>	<u>\$ (17,850)</u>
Cash flows from financing activities:		
Principal payments on long-term debt	\$ (41,556)	\$ (40,171)
Net cash provided by (used for) financing activities	<u>\$ (41,556)</u>	<u>\$ (40,171)</u>
Net increase (decrease) in cash and cash equivalents	\$ (175,693)	\$ (101,949)
Cash and cash equivalents, beginning of year	918,224	1,020,173
Cash and cash equivalents, end of year	<u>\$ 742,531</u>	<u>\$ 918,224</u>
Supplemental disclosure of cash flows information:		
Interest paid	<u>\$ 8,369</u>	<u>\$ 9,756</u>

The accompanying notes to financial statements are an integral part of this statement.

RAPPAHANNOCK UNITED WAY, INC.

Notes to Financial Statements
At June 30, 2019 and 2018

Note 1 - Nature of Organization:

Rappahannock United Way, Inc. (the Organization) is a not-for-profit organization working to advance the common good by focusing on education, financial stability, and healthy living.

The Organization conducted an annual fundraising campaign which supported 25 programs and 13 member agencies in addition to other community based nonprofit organizations that provide health and human service programs. The Organization's campaign also supported Community Impact initiatives which work to solve complex social issues.

The Organization serves the City of Fredericksburg and the counties of Caroline, King George, Spotsylvania, and Stafford.

Note 2 - Summary of Significant Accounting Policies:

Basis of Accounting:

The financial statements of the Organization have been prepared on the accrual basis of accounting. Under the accrual basis, revenues are recognized in the period in which they are earned, while expenses are recognized in the accounting period in which the related liability is incurred.

Financial Statement Presentation:

The financial statements include the accounts of the Organization and the activities of the Local Government Campaign (the LGC). The LGC is an unincorporated entity regulated by the City of Fredericksburg and counties of Stafford, Spotsylvania, King George, and Caroline, in partnership to provide a framework for charitable solicitation of local government employees. The Organization has been designated as the Fiscal Agent/Campaign Consultant of the LGC, and, as such, manages the charitable campaign of the LGC.

The Organization is required to report information regarding its financial position and activities according to two classes of net assets based on the existence or absence of donor-imposed restrictions as follows:

Net Assets Without Donor Restrictions:

Net assets not subject to donor-imposed restrictions. At June 30, 2019 and 2018, the Organization had \$1,401,233 and \$1,423,013 in net assets without donor restrictions, respectively.

Net Assets With Donor Restrictions:

Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Organization and/or the passage of time. At June 30, 2019 and 2018, the Organization had \$112,088 and \$77,913 in net assets with donor restrictions, respectively.

RAPPAHANNOCK UNITED WAY, INC.

Notes to Financial Statements
At June 30, 2019 and 2018 (Continued)

Note 2 - Summary of Significant Accounting Policies: (Continued)

Financial Statement Presentation: (Continued)

Contributions:

Contributions, including pledges, are considered to be without donor restrictions unless specifically indicated as restricted by the donor.

When the donor-stipulated time restriction ends or a purpose restriction is satisfied, net assets with donor restrictions are reclassified to net assets without restrictions and are reported in the statement of activities as net assets released from restriction. Contributions for which restrictions are satisfied in the same year as received are recognized as restricted and released.

Allowance for Uncollectible Accounts:

An allowance for uncollectible pledges is established for each campaign and reduces pledges receivable in the statement of financial position and is deducted from contributions in the statement of activities. Pledges outstanding one year after the close of the campaign are deemed uncollectible and the provision for uncollectible pledges is adjusted for the uncollected amounts. Any subsequent collection of previously charged off accounts is recorded through the provision for uncollectible pledges.

Gifts In-Kind and Contributed Services:

Non-cash donations of equipment, materials, supplies, or other items that benefit the operations of the Organization are included as unrestricted support in the period in which the benefit applies, at estimated fair value. Donated services of a specialized nature which would otherwise be purchased by the Organization are recognized in the same manner. Current year in-kind revenue and expenses are a calculated three-year average of allocated media airtime donated from United Way Worldwide to the Organization.

Thousands of hours, for which no value has been assigned or recognized, were volunteered throughout the year in specific assistance programs, campaign solicitations, and fund-raising activities.

Cash and Cash Equivalents:

The Organization considers highly liquid investments with original maturities of less than three months when purchased to be cash equivalents. The Organization maintains its cash in bank deposit accounts which, at times, may exceed Federal Deposit Insurance Corporation insured limits of \$250,000.

RAPPAHANNOCK UNITED WAY, INC.

Notes to Financial Statements
At June 30, 2019 and 2018 (Continued)

Note 2 - Summary of Significant Accounting Policies: (Continued)

Property and Equipment:

It is the Organization's policy to capitalize additions to property and equipment that exceed \$500. Property and equipment are stated at cost (if purchased) or at fair value at the date of donation (if donated). Depreciation is provided by the straight-line method based on the estimated useful lives of the assets as follows:

Buildings and improvements	5-40 years
Furniture and equipment	3-7 years

Depreciation expense for the year ended June 30, 2019 and 2018 was \$47,370 and \$46,708, respectively.

CFC Designations:

Rappahannock United Way (local federation) honors designations made to each member organization and other 501(c)3 organizations by distributing a proportionate share of receipts based on donor designations to each member, per CFC regulations at § 950.301(e)(2)(i). Designations include pass-through amounts held for others. These amounts are included in annual campaign revenues and are offset by the amount of support raised on behalf of others.

Functional Allocation of Expenses:

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Functional expenses are apportioned between program and supporting services based on personnel time utilized for the related activities. Specifically, identifiable expenses are directly allocated.

Advertising:

Advertising costs are expensed as incurred and totaled \$35,531 and \$30,039 for the years ended June 30, 2019 and 2018, respectively.

Income Taxes:

The Internal Revenue Service has determined that the Organization is exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code (IRC); therefore, no provision has been made for income tax expense. Management has evaluated the Organization's tax positions, as required by the Income Taxes Topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification, and has determined that there are no uncertain tax positions that require adjustment to or disclosure in the financial statements. The Organization files Form 990, Return of Organization Exempt from Income Tax, annually with the United States Department of the Treasury.

RAPPAHANNOCK UNITED WAY, INC.

Notes to Financial Statements
At June 30, 2019 and 2018 (Continued)

Note 2 - Summary of Significant Accounting Policies: (Continued)

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 that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues, gains and other support and expenses during the reporting periods. Actual results could differ from those estimates. Estimates include the allowance for uncollectible pledges and allowance for designation provisions calculated in each year's campaign, useful lives of property and equipment and the functional allocation of expenses.

Adoption of Accounting Principles:

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standard Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. ASU 2016-14 requires significant changes to the financial reporting model of organization who follow the not-for-profit reporting model. The changes include reducing the classes of net assets from three classes to two - net assets with donor restrictions and net assets without donor restrictions. The ASU will also require changes in the way certain information is aggregated and reported by the Organization, including required disclosures about liquidity and availability of resources and increased disclosures on functional expenses. The new standard is effective for the Organization's year ending June 30, 2019 and thereafter and must be applied on a retrospective basis. Adoption of the ASU did not result in any reclassification or restatements to the net assets or changes in net assets.

Note 3 - Contributions Receivable:

Contributions receivable consist of the following at June 30:

	<u>2019</u>	<u>2018</u>
Due in less than one year	\$ 1,087,532	\$ 1,239,249
Less allowance for uncollectible pledges	<u>(125,000)</u>	<u>(152,000)</u>
Total pledges receivable	<u>\$ 962,532</u>	<u>\$ 1,087,249</u>

Note 4 - Note Payable:

Long-term debt at June 30, 2019 and 2018 consists of a note payable to Virginia Partners Bank. The loan was refinanced on April 18, 2014. The agreement allows the Organization to fix the rate at 3.375% for a period of 10 years. The loan is collateralized by a lien on the Organization's property and had an outstanding balance of \$222,088 and \$263,644 at June 30, 2019 and 2018, respectively.

RAPPAHANNOCK UNITED WAY, INC.

Notes to Financial Statements
At June 30, 2019 and 2018 (Continued)

Note 4 - Note Payable: (Continued)

Annual maturities required on long-term debt at June 30, 2019 are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>
2020	\$ 43,093	\$ 6,833
2021	44,570	5,356
2022	46,098	3,828
2023	47,678	2,248
2024	40,649	616
Total maturities of long-term debt	<u>\$ 222,088</u>	<u>\$ 18,881</u>

Note 5 - Board Designated Net Assets:

Included in net assets without donor restrictions are amounts designated by the Organization's Board of Directors for the following purposes as of June 30:

	<u>2019</u>	<u>2018</u>
Operating reserves	\$ 600,000	\$ 600,000
Community Impact	86,653	86,653
Total board designated net assets	<u>\$ 686,653</u>	<u>\$ 686,653</u>

Note 6 - Net Assets With Donor Restrictions:

Net assets with donor restrictions are available for the following purposes as of June 30:

	<u>2019</u>	<u>2018</u>
Barbara C. Terry Emergency Assistance Fund	\$ 59,379	\$ 36,648
Lawrence Davies Fund	30,000	20,000
Atlantic Union Grant for Alice	10,000	-
Rotary BCT Funds	-	5,000
UWVA	6,325	6,325
Link2Feed Software	2,412	2,940
Future campaigns	3,972	7,000
Total	<u>\$ 112,088</u>	<u>\$ 77,913</u>

RAPPAHANNOCK UNITED WAY, INC.

Notes to Financial Statements
At June 30, 2019 and 2018 (Continued)

Note 6 - Net Assets With Donor Restrictions: (Continued)

Net assets were released through satisfaction of the following program restrictions during the years ended June 30, 2019 and 2018 as follows:

	<u>2019</u>	<u>2018</u>
Barbara C. Terry Emergency Assistance Fund	\$ 48,292	\$ 14,119
Rotary BCT Funds	5,000	-
Link2Feed Software	528	-
Future campaigns	7,000	500
Total	<u>\$ 60,820</u>	<u>\$ 14,619</u>

Note 7 - Liquidity and Availability of Resources:

The Organization monitors its liquidity so that it can meet its operating needs and other contractual commitments while maximizing the investment of its excess operating cash. The Organization has the following financial assets that could readily be made available within one year of the balance sheet to fund expenses without limitations:

Assets:	
Cash and cash equivalents	\$ 742,531
Certificates of deposit	589,165
Contributions receivable, net	962,532
Other receivables	5,660
Less:	
Barbara C. Terry fund	(59,524)
LG checking/savings	(52,420)
Atlantic Union ALICE funds	(10,000)
Community impact fund	(86,653)
Stabilization reserve	(600,000)
Working capital reserve	<u>(200,000)</u>
Total	<u>\$ 1,291,291</u>

In addition to financial assets available to meet general expenditures over the year, the Organization anticipates covering its general expenditures by collecting sufficient donations and other revenues and by utilizing donor-restricted resources from current and prior years' donations, as needed. The statement of cash flows identifies the sources and uses of the Organization's cash and shows positive cash of \$742,531 for the fiscal year ending June 30, 2019.

The Organization has a reserve accumulation and utilization policy that establishes a stabilization reserve, working capital reserve, and allows the Board to reserve funds for other purposes at any time. This policy helps the Organization ensure that adequate resources are available even in the event of unforeseen campaign, economic and organization circumstances.

RAPPAHANNOCK UNITED WAY, INC.

Notes to Financial Statements
At June 30, 2019 and 2018 (Continued)

Note 8 - Retirement Plan:

The Organization offers a retirement plan under IRC Section 403(b) to all of its full-time employees. This plan allows employees to make voluntary contributions to a tax deferred annuity contract. The employer does not make contributions to the plan.

Note 9 - Subsequent Events:

In preparing these financial statements, management of the Organization has evaluated events and transactions for potential recognition or disclosure through October 11, 2019, the date the financial statements were available to be issued.

Subsequent to June 30, 2019, the Organization sold their former building at a sale price of \$320,000.