

UNITED WAY OF PITT COUNTY, INC.

Financial Statements

**For the Twelve Months Ended
June 30, 2018**

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UNITED WAY OF PITT COUNTY, INC.

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June 30, 2018

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INDEPENDENT AUDITOR'S REPORT

To the Audit Committee and Board of Trustees of
United Way of Pitt County, Inc.
Greenville, North Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of United Way of Pitt County, Inc. (a nonprofit organization) which comprise the statements of financial position as of June 30, 2018, and the related statement of activities, statement of cash flows, and statement of functional expenses for the twelve months 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 United Way of Pitt County, Inc. as of June 30, 2018 and the results of its operations and its cash flows for the twelve months then ended in accordance with accounting principles generally accepted in the United States of America.

H. E. Gray, CPA, P.A.
Certified Public Accountant

February 12, 2019

UNITED WAY OF PITT COUNTY, INC.
Statement of Financial Position
As of June 30, 2018

ASSETS

Current Assets		
Cash and Cash Equivalents	\$ 207,731	
Grants Receivable (Note 8)	13,393	
Pledges Receivable, Net (Note 7)	453,609	
Sales Tax Refunds Receivable	418	
Prepaid Expenses	4,586	
Employee Advance	1,230	
Short Term Investments (Note 6)	<u>265,536</u>	
Total Current Assets		\$ 946,503
 Property and Equipment		
Furniture & Fixtures	30,000	
Equipment	38,019	
Software	33,218	
Less: Accum. Depreciation & Amortization	<u>(98,243)</u>	
Total Property and Equipment		<u>2,994</u>
 Total Assets		 <u><u>\$ 949,497</u></u>

LIABILITIES AND NET ASSETS

Current Liabilities		
Accounts Payable	\$ 14,837	
Credit Cards Payable	3,751	
Accrued Wages and Payroll Tax Liabilities	5,967	
Donor Designations Payable	<u>165,263</u>	
Total Current Liabilities		\$ 189,819
 Net Assets		
Unrestricted (Note 9)	530,288	
Temporarily Restricted Net Assets (Note 10)	229,390	
Permanently Restricted Net Assets	<u>-</u>	
Total Net Assets		<u>759,678</u>
 Total Liabilities and Net Assets		 <u><u>\$ 949,497</u></u>

UNITED WAY OF PITT COUNTY, INC.
Statement of Activities
For the Twelve Months Ended June 30, 2018

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Public Support and Revenues				
Public Support				
Contributions and Grants	\$ 738,359	\$ 165,523	\$ -	\$ 903,882
Less Provision for Uncollectible Pledges	(136,310)	(17,565)	-	(153,876)
Contributions - Early Literacy	-	89,216	-	89,216
Contributions - DRPPC	247	-	-	247
Contributions In-Kind	2,400	113,890	-	116,290
Grant Income - 21st Cent./SSA	-	361,012	-	361,012
Grant Income - Born Learning	-	-	-	-
Grant Income - Homeless Program	-	37,500	-	37,500
Grant Income - DRPPC	-	53,646	-	53,646
Revenues				
Investment Return	15,266	-	-	15,266
Special Events	1,762	-	-	1,762
Space Rental Income	3,000	-	-	3,000
Service Fee Income	12,872	-	-	12,872
Other Program Income	1,898	-	-	1,898
Net Assets Released From Restrictions	760,838	(760,838)	-	-
Total Support and Revenue	\$ 1,400,333	\$ 42,383	\$ -	\$ 1,442,715
Expenses				
Program Services				
UWPC Support of Community Agencies	\$ 256,821	\$ -	\$ -	\$ 256,821
Donor Designations to Agencies	165,523	-	-	165,523
21st Century/SSA Program	480,209	-	-	480,209
Homeless Program	32,086	-	-	32,086
Early Literacy Program	129,802	-	-	129,802
Disaster Relief PPC	47,606	-	-	47,606
Indirect Program Expenses	201,158	-	-	201,158
Total Program Services	1,313,205	-	-	1,313,205
Supporting Services				
Management and General	142,822	-	-	142,822
Fundraising	122,676	-	-	122,676
Total Supporting Services	265,498	-	-	265,498
Total Expenses	1,578,704	-	-	1,578,704
Change in Net Assets	(178,371)	42,383	-	(135,988)
Net Assets at Beginning of the Year	\$ 708,659	\$ 187,007	\$ -	\$ 895,666
Net Assets at End of Year	<u>\$ 530,288</u>	<u>\$ 229,390</u>	<u>\$ -</u>	<u>\$ 759,678</u>

The Accountant's Report and accompanying notes are integral parts of these financial statements.

UNITED WAY OF PITT COUNTY, INC.
Statement of Cash Flows
For the Twelve Months Ended June 30, 2018

Cash flows from operating activities:	
Change in net assets	\$ (135,988)
Adjustments to reconcile change in net assets to net cash used by operating activities:	
Depreciation & Amortization Expense	14,934
Investment Return	(15,266)
(Increase) Decrease in Grants Receivable	25,453
(Increase) Decrease in Pledges Receivable, Net	199,078
(Increase) Decrease in Sales Tax Refunds Receivable	132
(Increase) Decrease in Employee Advance	(1,230)
(Increase) Decrease in Prepaid Expenses	2,570
Increase (Decrease) in Accounts Payable	(4,922)
Increase (Decrease) in Credit Cards Payable	(1,648)
Increase (Decrease) in Accrued Wages and Payroll Taxes	(1,130)
Increase (Decrease) in Donor Designations Payable	5,667
Net cash provided by operating activities	<u>87,648</u>
Cash flows from investing activities:	
Cash Provided by Short Term Investments	23,090
Net cash provided by investing activities	<u>23,090</u>
Cash flows from financing activities:	
No transactions	-
Net cash provided by financing activities	<u>-</u>
Net increase (decrease) in cash and cash equivalents	110,739
Cash and cash equivalents at beginning of year	<u>96,992</u>
Cash and cash equivalents at end of year	<u>\$ 207,731</u>
Supplemental disclosure of cash flow information	
Interest Expense	<u>\$ 27</u>
Income Tax Expense	<u>\$ -</u>

UNITED WAY OF PITT COUNTY, INC.
Statement of Functional Expenses
For the Twelve Months Ended June 30, 2018

	<u>Program Services</u>	<u>Mgmt. & General</u>	<u>Fundraising</u>	<u>Total</u>
Bank Charges / Service Fees	\$ -	\$ 4,602	\$ 55	\$ 4,657
Contract Services	4,000	4,115	8,115	16,230
Dues to United Way Affiliates	10,366	4,219	4,697	19,282
Dues & Subscriptions - Other	654	691	749	2,094
Employee Benefits	10,595	1,222	6,346	18,163
Equipment Leases	1,761	4,137	1,100	6,998
Events	2,951	2,301	1,043	6,295
Insurance - General	-	5,956	-	5,956
Interest Expense	-	27	-	27
Investment Fees	-	2,255	-	2,255
IT & Communications	2,953	6,012	5,037	14,002
Maintenance & Repairs	2,150	1,134	1,075	4,359
Office Supplies & Expense	749	2,983	370	4,102
Payroll Tax Expense	9,759	2,149	4,481	16,389
Postage	162	191	376	729
Printing & Promotion	916	379	9,671	10,966
Professional Services	-	41,011	-	41,011
Rent & Storage	24,641	12,764	12,325	49,730
Retirement Expense	4,048	630	2,318	6,996
Salaries & Wages	115,584	23,612	60,714	199,910
Software Fees	4,000	-	1,380	5,380
Taxes & Licenses	-	225	-	225
Telephone	873	873	899	2,645
Training & Development	1,779	2,950	-	4,729
Travel & Mileage	783	3,075	989	4,847
Utilities	2,434	375	936	3,745
	<u>201,158</u>	<u>127,888</u>	<u>122,676</u>	<u>451,722</u>
Depreciation & Amortization	-	14,934	-	14,934
	<u>\$ 201,158</u>	<u>\$ 142,822</u>	<u>\$ 122,676</u>	<u>\$ 466,656</u>

UNITED WAY OF PITT COUNTY, INC.
Notes to the Financial Statements
June 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Founded in 1958, United Way of Pitt County, Inc. (the Organization) is a nonprofit entity incorporated in the state of North Carolina. The Organization is a volunteer-driven organization that seeks to impact the greater Pitt County community by focusing on the keys to a good life – Education, Income, Health, and Neighbors Helping Neighbors.

The mission of United Way of Pitt County, Inc. is “To mobilize resources and leadership to build a stronger community” with underlying values of Integrity, Excellence, Compassion, Commitment, Inclusiveness, and Collaboration. The Organization seeks to accomplish its mission with three primary goals:

School Readiness: The provision of funds for tutoring and mentoring programs, literacy assistance programs, pre-school readiness, alternative learning programs, and truancy reduction.

Workforce Development: The provision of funds for job training and placement, certification and training programs, and grants for adult education programs that lead to a high school diploma or equivalent.

Basic Needs: The provision of funds for short-term, immediate relief to people in crisis (i.e. disaster services), and the funding of essential needs of individuals such as food, clothing, and shelter.

The Organization conducts an annual fundraising campaign throughout eastern North Carolina to raise funds through corporate and individual pledges and gifts. Campaign funds are raised for the purpose of funding specific grant requests from local agencies that will have impact on the quality of health and human services in the greater Pitt County area.

The Organization has an active, diverse Board of Trustees, which consists of local area business leaders, educators, financial specialists, and other professionals. The Board is supported by committees that have oversight over various aspects of its operations. United Way of Pitt County, Inc. is a member of the United Way World Wide.

Basis of Accounting

The financial statements of United Way of Pitt County, Inc. have been prepared on the accrual basis, which is in conformity with accounting principles generally accepted in the United States of America.

Financial Statement Presentation

United Way of Pitt County, Inc. presents its financial statements in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 (formerly Statement of Financial Accounting Standards No. 117, *Financial Statements of Not-For-Profit*

UNITED WAY OF PITT COUNTY, INC.
Notes to the Financial Statements
June 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Organizations). Accordingly, the Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted.

Unrestricted Net Assets

Unrestricted net assets include unrestricted resources which represent the portion of funds that are available for the operating activities of the Organization. Board-designated net assets represent reserve funds and other amounts the Organization has set aside for a specific purpose. These classifications of and amounts of Unrestricted Net Assets at June 30, 2018 are provided in Note 9.

Temporarily Restricted Net Assets

Temporarily Restricted Net Assets consist of donor restricted contributions and gifts. Amounts restricted by donors for a specific purpose are deemed to be earned and reported as temporarily restricted revenue, when received, and unexpended amounts are reported as Temporarily Restricted Net Assets at year-end. When the donor restriction expires, that is, when a stipulated time or purpose restriction is accomplished, Temporarily Restricted Net Assets are reclassified to Unrestricted Net Assets and reported on the Statement of Activities as "Net Assets Released from Restrictions." Classifications of and amounts of Temporarily Restricted Net Assets at June 30, 2018 are provided in Note 10.

Permanently Restricted Net Assets

Permanently Restricted Net Assets consist of donor restricted contributions, which are required to be held in perpetuity. Income from the assets held is available for either general operations or specific purposes, in accordance with donor stipulations. There were no Permanently Restricted Net Assets at June 30, 2018.

Cash and Cash Equivalents

United Way of Pitt County, Inc. considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Cash and cash equivalents for purposes of the Statement of Cash Flows exclude permanently restricted cash and cash equivalents. The Organization places its cash and cash equivalents on deposit with local financial institutions in the United States. The Federal Deposit Insurance Corporation (FDIC) provides coverage up to \$250,000 for substantially all depository accounts, and unlimited coverage for certain qualifying and participating non-interest bearing transaction accounts. At June 30, 2018, the Organization did not exceed the insured amount.

Public Support

Contributions of cash and other assets are reported as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor

UNITED WAY OF PITT COUNTY, INC.
Notes to the Financial Statements
June 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported on the Statement of Activities as Net Assets Released From Restrictions.

Unconditional promises to give are recorded as pledges receivable and contribution revenue when a written promise is received by United Way of Pitt County, Inc. Allowances are provided for promises estimated by management to be uncollectible. Conditional promises to give are not included as support until the conditions are substantially met. Donors may choose to designate all or part of their contributions to specific charitable organizations. These transactions are reported on the Statement of Activities as Donor Designations. Amounts are carried as liabilities until paid to the designated charitable organization. Pledges are assessed a Program Service Fee based on actual historical costs in accordance with United Way of America Membership Standards as outlined in their publication titled "United Way of America Cost Deduction Requirements for Membership Standard M."

Investments

United Way of Pitt County, Inc. has adopted SFAS No. 124, "Accounting for Certain Investments Held by Not-for-Profit Organizations." Under SFAS No. 124 investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at fair value for year-end financial reporting purposes. Fair value is the amount at which an investment could be exchanged between two willing parties. Fair value for financial reporting purposes is based on quoted market prices. Unrealized gains and losses are included in the change in net assets.

Property, Equipment, and Leasehold Improvements

Maintenance and repairs are expensed as incurred. Property, equipment, and leasehold improvements whose acquisition cost exceeds \$500 are capitalized and carried at cost. When items of property or equipment are sold or retired, the related costs and accumulated depreciation are removed and any gain or loss is included in income. Leasehold improvements are to be amortized over the shorter of the lease term or useful life.

Depreciation and Amortization is calculated using the straight-line method over the estimated useful lives of the assets as follows:

Software	3 years
Equipment	5 years
Furniture & Fixtures	7 years
Vehicles	5 years
Leasehold Improvements	15 years

The depreciation expense for the twelve months ended June 30, 2018 was \$7,604. The amortization expense for the twelve months ended June 30, 2018 was \$7,331.

UNITED WAY OF PITT COUNTY, INC.
Notes to the Financial Statements
June 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Advertising

Advertising and marketing costs, which are included in administrative expenses, are expensed as incurred. The expense for the twelve months ended June 30, 2018 reported as "Printing & Promotion" was \$10,966.

Income Taxes

United Way of Pitt County, Inc. is a not-for-profit corporation exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code of 1986 (IRC). As such, the Organization is not taxed on income derived from its exempt functions. However, the Organization is subject to tax on unrelated business income, which is generated from investment income and other activities not related to their stated exempt purposes. The Organization had no significant deferred income tax assets or liabilities as of June 30, 2018, nor was there any unrelated business income for the twelve months ended June 30, 2018.

The Organization has evaluated its tax positions for all open tax years. Currently, the tax years subject to examination by the Internal Revenue Service are June 30, 2015, 2016, and 2017. The Organization is not currently under audit nor has the Organization been contacted by any jurisdictions. Therefore, no provision for the effects of uncertain tax positions have been recorded for the twelve months ended June 30, 2018.

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Compensated Absences

The Organization's employees are encouraged to use leave benefits by December 31 of each year. Any sick or personal leave time remaining at December 31 is forfeited. Employees are allowed to carry over one week of accrued vacation time at the end of the calendar year. At June 30, 2018 there was no accrued vacation time to report.

NOTE 2 – IN-KIND CONTRIBUTIONS

Contributions of donated non-cash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would

UNITED WAY OF PITT COUNTY, INC.
Notes to the Financial Statements
June 30, 2018

NOTE 2 – IN-KIND CONTRIBUTIONS (continued)

typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

During the twelve months ended June 30, 2018, United Way of Pitt County, Inc. received in-kind donations of tangible goods and services totaling \$116,290.

NOTE 3 –PROVISION FOR UNCOLLECTIBLE PLEDGES

Pledges are written off after a significant period of time has elapsed. When all collection efforts have been exhausted, the outstanding pledge is determined to be uncollectable and is removed from the Organization's records. This amount is reported on the Statement of Activities as "Provision for Uncollectible Pledges."

The Provision for Uncollectible Pledges for the twelve months ended June 30, 2018 was \$95,947. This balance was comprised of the remaining 2016-17 and 2017-18 campaign pledges.

NOTE 4 –LEASE COMMITMENTS

United Way of Pitt County, Inc. leases its copier and postage meter under contracts that are being accounted for as operating leases. Aggregate payments on the operating leases as of June 30, 2018 totaled approximately \$583 per month.

The Organization leases its office space from Eighth Street Investments, LLC for the amount of \$4,100 per month. No written lease agreement exists as of June 30, 2018; however, the terms of a new oral lease agreement that lowered the rent by \$1,000 each month is now in effect and Management believes there is no threat of eviction.

Based on the written terms of existing contracts, future lease payment obligations are as follows:

June 30, 2019	\$ 6,997
June 30, 2020	\$ 5,870
June 30, 2021	\$ 5,768
Thereafter	<u>\$ 2,884</u>
	<u>\$ 21,519</u>

UNITED WAY OF PITT COUNTY, INC.
Notes to the Financial Statements
June 30, 2018

NOTE 5 – EMPLOYEE RETIREMENT PLAN

United Way of Pitt County, Inc. has a Simplified Employee Pension (SEP) plan for the benefit of its employees. Employees are eligible to participate in the plan after one calendar year of service following the employee's date of hire. After one year of service, the Organization makes a contribution of five percent of gross compensation to each participating employee's account. The Organization contributed \$6,996 to employee SEP plans during the twelve months ended June 30, 2018.

NOTE 6 – INVESTMENTS

United Way of Pitt County, Inc. records its financial instruments in accordance with the fair value guidance as established by the Financial Accounting Standard Board ("FASB"). In accordance with this guidance, fair value is defined as the price the Organization would receive from the sale of an asset, or pay to transfer a liability, in a timely transaction with an independent buyer in a principal market. This guidance establishes a three-tier hierarchy to distinguish between various types of inputs used in determining the value of the Organization's investments and liabilities. The inputs are summarized in three levels as outlined below:

Level 1 Inputs

Quoted prices (unadjusted) in active markets for identical assets and liabilities. Level 1 assets include fixed income mutual funds, equity mutual funds and money market funds. Valuations of these instruments do not require a high degree of judgment as the valuations are based on quoted prices in active markets that are readily available.

Level 2 Inputs

Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities that are not active; and inputs other than quoted prices that are observable, such as models or other valuation methodologies. Valuations in this category are inherently less reliable than quoted market prices due to the degree of subjectivity involved in determining appropriate methodologies and the applicable underlying assumptions.

Level 3 Inputs

Unobservable inputs for the valuation of the asset or liability. Level 3 assets include investments for which there is little, if any, market activity. These inputs require significant management judgment or estimation. These financial instruments have inputs that cannot be validated by readily determinable market data and generally involve considerable judgment by management.

United Way of Pitt County, Inc. does not have any Level 2 or Level 3 assets or liabilities.

The fair value of investments at June 30, 2018 is as follows:

Money Market funds	\$ 2,100
Mutual Funds (Equity)	263,436
Mutual Funds (Fixed Income)	<u>0</u>
	<u>\$ 265,536</u>

UNITED WAY OF PITT COUNTY, INC.
Notes to the Financial Statements
June 30, 2018

NOTE 6 – INVESTMENTS (continued)

Professional investment advisors manage the investments with periodic review by United Way management and the Board of Trustees. Management does not believe these investments pose unusual market or credit risks.

During the year ended June 30, 2018, the Organization redeemed a Certificate of Deposit at Select Bank that had fully matured.

Net investment return for the twelve months ended June 30, 2018 is as follows:

Interest, Dividends, Cap. Gains	\$ 48,206
Unrealized Gain (Loss)	<u>(32,940)</u>
Total Return on Investment	<u>\$ 15,266</u>

During the twelve months ended June 30, 2018, the Organization transferred \$20,875 from the investment account to the general operating account.

The net investment expense for the twelve months ended June 30, 2018 was \$2,255.

NOTE 7 – PLEDGES RECEIVABLE

An allowance for uncollectible pledges was determined to value pledges at their estimated net realizable value as of June 30, 2018. The estimated allowances have been calculated based on subsequent collections, management's judgment of prior collection history, and other analysis of individual pledges. Although management has reviewed the collection history while projecting the allowance, it is reasonably possible that actual uncollectible pledges may differ from the estimated allowance.

The Organization reported the following outstanding pledges, net of allowances for doubtful collections and pledges deemed uncollectible, at June 30, 2018 as follows:

	Pledges Receivable	Allowance For Doubtful Collection	Net Pledges Receivable
2016-17 Campaign	\$ 97,044	\$ 45,900	\$ 51,144
2017-18 Campaign	<u>\$ 452,512</u>	<u>\$ 50,047</u>	<u>\$ 402,465</u>
	<u>\$ 549,556</u>	<u>\$ 95,947</u>	<u>\$ 453,609</u>

Based on historical data and trends, management has determined the 2016-2017 and 2017-2018 Campaign allowance for doubtful collections as five percent of the total campaign pledges.

UNITED WAY OF PITT COUNTY, INC.
Notes to the Financial Statements
June 30, 2018

NOTE 8 – GRANTS RECEIVABLE

Grants Receivable consists of amounts awarded, but not yet paid, and are due within the next fiscal year. As of June 30, 2018 the Organization had Grants Receivable as follows:

21 st Century Community Learning Centers Grant	\$ 3,499
North Carolina Disaster Relief Fund Grant	9,406
Extended Learning and Integrated Student Supports (ELISS) Grant	<u>488</u>
	<u>\$ 13,393</u>

The 21st Century Community Learning Centers grant provides funding for before and after-school, weekend, and summer school academic enrichment opportunities for children attending low-performing schools to help them meet local and state academic standards in subjects such as reading, mathematics, and science.

The North Carolina Disaster Relief Fund grant provides funding for the rebuilding of homes, properties, and other assistance for families and individuals affected by Hurricane Matthew.

The ELISS grant provides funding for at-risk students performing below grade level and will be used to help increase their academic skills and provide opportunity to meet state academic standards in various subjects.

NOTE 9 – UNRESTRICTED NET ASSETS

In addition to conventional Unrestricted Net Assets, the United Way of Pitt County, Inc. maintains four categories of board-appropriated unrestricted funds as follows:

1. Reserve for Continuation of Operations

These funds are appropriated for working capital support to the Organization during periods of cash flow emergencies, and to fund maintenance emergencies and/or major unplanned initiatives at the board's discretion. In accordance with the Organization's reserve fund policy of having between three and nine months of operating expenses, this amount was \$202,622 at June 30, 2018.

2. Reserve for Continuation of Donor Designations

These funds are appropriated to aid the Organization's cash flow management to fulfill donor designations. In accordance with the Organization's reserve fund policy of having three months of donor designations available, this amount was \$40,235 at June 30, 2018.

3. Reserve for Continuation of Agency Allocations

These funds are appropriated to aid the Organization's cash flow management to fulfill its agency allocations. In accordance with the Organization's reserve fund policy of having three months of agency allocations available, this amount was \$78,908 at June 30, 2018.

Reserved portion of Unrestricted Net Assets as described above	\$ 321,765
Other Unrestricted Net Assets	<u>\$ 208,523</u>
Total Unrestricted Net Assets at June 30, 2018	<u>\$ 530,288</u>

UNITED WAY OF PITT COUNTY, INC.
Notes to the Financial Statements
June 30, 2018

NOTE 10 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily Restricted Net Assets at June 30, 2018 was comprised of the following:

Donor Designations Payable

The Organization receives pledges and donations designated for a variety of charitable organizations as part of its mission. The amount of funds received during the year remaining to be disbursed as of June 30, 2018 was \$165,263.

Contributions

The Organization receives contributions designated for programs such as Early Literacy, Disaster Relief, etc. The amount of funds Received during the year remaining to be disbursed as of June 30, 2018 was \$64,127.

Net Assets are released from donor restrictions by incurring expenses satisfying the purpose specified by donors. Net Assets released from donor restrictions during the twelve months ended June 30, 2018 totaled \$760,838.

NOTE 11 – SUBSEQUENT EVENTS

These financial statements considered subsequent events through February 12, 2019, the date the financial statements were available to be issued.