United Way

United Way
of Washington County, MD

CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2019 AND 2018

UNITED WAY OF WASHINGTON COUNTY, MARYLAND , INC.
AND AFFILIATED ORGANIZATION

CONTENTS

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
United Way of Washington County, Maryland, Inc. and
United Way Foundation of Washington County, Maryland, Inc.
Hagerstown, Maryland

We have audited the accompanying consolidated financial statements of **United Way of Washington County, Maryland, Inc. and Affiliated Organization, United Way Foundation of Washington County, Maryland, Inc.** (Not-for-Profit Organizations) which comprise the consolidated statements of financial position as of June 30, 2019 and 2018, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of **United Way of Washington County, Maryland, Inc. and Affiliated Organization** as of June 30, 2019 and 2018, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, management has adopted FASB Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. Prior year disclosures have been revised to reflect the retrospective application of adopting these changes in accounting. Our auditor's report was not modified with respect to the restatement.

Albright Crumbacker Moul & Itell, LLC

Hagerstown, Maryland
November 12, 2019

UNITED WAY OF WASHINGTON COUNTY, MARYLAND , INC.
AND AFFILIATED ORGANIZATION

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

June 30,		2019		2018
ASSETS				
Cash and cash equivalents	$	275,492	$	304,656
Campaign pledges receivable		399,897		479,174
Less allowance for uncollectible pledges		(45,000)		(49,350)
Other receivables		38,256		40,432
Prepaid expenses		3,336		1,836
Investments		862,871		897,853
Property and equipment, net of accumulated depreciation of $57,060 and $55,080, respectively		16,663		18,643
	$	**1,551,515**	**$**	**1,693,244**
LIABILITIES AND NET ASSETS				
LIABILITIES				
Accounts payable and accrued expenses	$	29,663	$	23,899
Designations payable		42,199		42,593
Deferred revenue		17,540		-
		89,402		66,492
NET ASSETS				
Without donor restrictions				
Undesignated		590,973		720,919
Board designated		851,991		886,973
		1,442,964		1,607,892
With donor restrictions		19,149		18,860
		1,462,113		1,626,752
	$	**1,551,515**	**$**	**1,693,244**

United Way of Washington County, Maryland , Inc.
and Affiliated Organization

Consolidated Statements of Activities

Years ended June 30,			**2019**	**2018**
	WITHOUT DONOR RESTRICTIONS	**WITH DONOR RESTRICTIONS**	**TOTAL**	**TOTAL**
CHANGES IN NET ASSETS				
CAMPAIGN REVENUE AND SUPPORT				
Gross campaign results	$ 760,534	$ -	$ 760,534	$ 924,927
Bad debt recovery	-	-	-	25,749
Less donor designations	(145,732)	-	(145,732)	(183,106)
Less provisions for uncollectible	(45,000)	-	(45,000)	(49,350)
NET CAMPAIGN REVENUE AND SUPPORT	569,802	-	569,802	718,220
OTHER REVENUE AND SUPPORT				
In-kind contributions	57,295	-	57,295	36,039
Contribution - Mathias Trust	70,228	-	70,228	74,412
Designations from other United Ways	38,595	-	38,595	38,858
Net investment return	9,772	-	9,772	85,080
Event revenue, net	27,860	-	27,860	6,661
Loss on disposal of property and equipment	-	-	-	(38,350)
Other	17,532	5,000	22,532	18,908
OTHER REVENUE AND SUPPORT	221,282	5,000	226,282	221,608
NET ASSETS RELEASED FROM RESTRICTIONS	4,711	(4,711)	-	-
TOTAL REVENUE AND SUPPORT	795,795	289	796,084	939,828
EXPENSES				
Program services				
Gross funds awarded/distributed	590,604	-	590,604	600,662
Less donor designations	(145,732)	-	(145,732)	(183,106)
Net funds awarded/distributed	444,872	-	444,872	417,556
Other program services	311,434	-	311,434	227,748
TOTAL PROGRAM SERVICES	756,306	-	756,306	645,304
Supporting services				
Fundraising	41,811	-	41,811	39,285
Management and general	152,864	-	152,864	191,338
United Way Worldwide dues	9,742	-	9,742	10,400
TOTAL SUPPORTING SERVICES	204,417	-	204,417	241,023
TOTAL EXPENSES	960,723	-	960,723	886,327
CHANGES IN NET ASSETS	(164,928)	289	(164,639)	53,501
NET ASSETS BEGINNING OF PERIOD	1,607,892	18,860	1,626,752	1,573,251
NET ASSETS END OF PERIOD	**$ 1,442,964**	**$ 19,149**	**$ 1,462,113**	**$ 1,626,752**

UNITED WAY OF WASHINGTON COUNTY, MARYLAND , INC.
AND AFFILIATED ORGANIZATION

CONSOLIDATED STATEMENTS OF ACTIVITIES

Year ended June 30,			2018
	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
CHANGES IN NET ASSETS			
CAMPAIGN REVENUE AND SUPPORT			
Gross campaign results	$ 922,326	$ 2,601	$ 924,927
Bad debt recovery	25,749	-	25,749
Less donor designations	(183,106)	-	(183,106)
Less provisions for uncollectible	(49,350)	-	(49,350)
NET CAMPAIGN REVENUE AND SUPPORT	715,619	2,601	718,220
OTHER REVENUE AND SUPPORT			
In-kind contributions	36,039	-	36,039
Contribution - Mathias Trust	74,412	-	74,412
Designations from other United Ways	38,858	-	38,858
Net investment return	85,080	-	85,080
Event revenue, net	6,661	-	6,661
Loss on disposal of property and equipment	(38,350)	-	(38,350)
Other	18,908	-	18,908
OTHER REVENUE AND SUPPORT	221,608	-	221,608
NET ASSETS RELEASED FROM RESTRICTIONS	7,255	(7,255)	-
TOTAL REVENUE AND SUPPORT	944,482	(4,654)	939,828
EXPENSES			
Program services			
Gross funds awarded/distributed	600,662	-	600,662
Less donor designations	(183,106)	-	(183,106)
Net funds awarded/distributed	417,556	-	417,556
Other program services	227,748	-	227,748
TOTAL PROGRAM SERVICES	645,304	-	645,304
Supporting services			
Fundraising	39,285	-	39,285
Management and general	191,338	-	191,338
United Way Worldwide dues	10,400	-	10,400
TOTAL SUPPORTING SERVICES	241,023	-	241,023
TOTAL EXPENSES	886,327	-	886,327
CHANGES IN NET ASSETS	58,155	(4,654)	53,501
NET ASSETS BEGINNING OF PERIOD	1,549,737	23,514	1,573,251
NET ASSETS END OF PERIOD	**$ 1,607,892**	**$ 18,860**	**$ 1,626,752**

UNITED WAY OF WASHINGTON COUNTY, MARYLAND , INC.
AND AFFILIATED ORGANIZATION

CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES

Years ended June 30,					2019	2018
	PROGRAM SERVICES	FUNDRAISING	MANAGEMENT AND GENERAL	UWW DUES	TOTAL	TOTAL
Gross funds awarded/distributed	$ 590,604	$ -	$ -	$ -	$ 590,604	$ 600,662
Less donor designations	(145,732)	-	-	-	(145,732)	(183,106)
SUB-TOTAL	444,872	-	-	-	444,872	417,556
Salaries	158,184	23,129	84,542	-	265,855	221,256
Payroll taxes	11,814	1,727	6,314	-	19,855	18,188
Health insurance	6,404	936	3,423	-	10,763	12,328
Retirement	5,042	737	2,695	-	8,474	8,457
SUB-TOTAL	181,444	26,529	96,974	-	304,947	260,229
Advertising	17,888	4,224	9,413	-	31,525	42,296
Bad debt expense	-	-	624	-	624	-
Bank charges	2,862	404	1,475	-	4,741	5,409
Computer	11,875	1,919	7,014	-	20,808	17,677
Depreciation	1,178	172	630	-	1,980	1,676
Dues and subscriptions	1,705	249	912	-	2,866	4,432
Insurance	2,864	419	1,530	-	4,813	4,525
Office expense	3,610	528	1,929	-	6,067	10,661
Printing and postage	2,724	396	1,448	-	4,568	6,310
Professional development	7,792	1,188	4,165	-	13,145	3,771
Professional fees	11,381	1,631	20,463	-	33,475	34,236
Rent, net	9,279	1,357	4,959	-	15,595	17,634
Supplies	55,330	2,592	585	-	58,507	47,482
Travel and mileage	1,502	203	743	-	2,448	2,033
SUB-TOTAL	129,990	15,282	55,890	-	201,162	198,142
United Way Worldwide dues	-	-	-	9,742	9,742	10,400
TOTAL	**$ 756,306**	**$ 41,811**	**$ 152,864**	**$ 9,742**	**$ 960,723**	**$ 886,327**

UNITED WAY OF WASHINGTON COUNTY, MARYLAND , INC.
AND AFFILIATED ORGANIZATION

CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES

Year ended June 30,					**2018**
	PROGRAM SERVICES	**FUNDRAISING**	**MANAGEMENT AND GENERAL**	**UWW DUES**	**TOTAL**
Gross funds awarded/distributed	$ 600,662	$ -	$ -	$ -	$ 600,662
Less donor designations	(183,106)	-	-	-	(183,106)
SUB-TOTAL	417,556	-	-	-	417,556
Salaries	109,743	19,471	92,042	-	221,256
Payroll taxes	9,021	1,601	7,566	-	18,188
Health insurance	6,115	1,085	5,128	-	12,328
Retirement	4,195	744	3,518	-	8,457
SUB-TOTAL	129,074	22,901	108,254	-	260,229
Advertising	27,006	6,924	8,366	-	42,296
Bank charges	2,683	476	2,250	-	5,409
Computer	8,768	1,556	7,353	-	17,677
Depreciation	831	147	698	-	1,676
Dues and subscriptions	2,198	390	1,844	-	4,432
Insurance	2,244	398	1,883	-	4,525
Office expense	6,417	729	3,515	-	10,661
Printing and postage	2,913	1,357	2,040	-	6,310
Professional development	2,376	-	1,395	-	3,771
Professional fees	-	-	34,236	-	34,236
Rent, net	8,746	1,552	7,336	-	17,634
Supplies	33,069	2,753	11,660	-	47,482
Travel and mileage	1,423	102	508	-	2,033
SUB-TOTAL	98,674	16,384	83,084	-	198,142
United Way Worldwide dues	-	-	-	10,400	10,400
TOTAL	**$ 645,304**	**$ 39,285**	**$ 191,338**	**$ 10,400**	**$ 886,327**

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years ended June 30,		2019		2018
CASH FLOWS FROM OPERATING ACTIVITIES				
Changes in net assets	$	(164,639)	$	53,501
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities				
Depreciation		1,980		1,676
Bad debt expense		45,624		23,601
Loss on disposal of property and equipment		-		38,350
Interest and dividends reinvested		(34,524)		(35,464)
Unrealized (gain) loss on investments		12,995		(59,266)
Investment fees		11,757		9,650
(Increase) decrease in operating assets				
Campaign pledges receivable		29,303		(121,569)
Other receivables		2,176		9,717
Prepaid expenses		(1,500)		(1,836)
Increase (decrease) in operating liabilities				
Accounts payable and accrued expenses		5,764		(1,402)
Designations payable		(394)		(16,814)
Deferred income		17,540		-
NET CASH USED IN OPERATING ACTIVITIES		(73,918)		(99,856)
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property and equipment		-		(19,804)
Proceeds from sales of investments		44,754		57,238
NET CASH PROVIDED BY INVESTING ACTIVITIES		44,754		37,434
NET DECREASE IN CASH AND CASH EQUIVALENTS		(29,164)		(62,422)
Cash and cash equivalents, beginning		304,656		367,078
Cash and cash equivalents, ending	**$**	**275,492**	**$**	**304,656**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of **United Way of Washington County, Maryland, Inc. and Affiliated Organization** ("the Organization") is presented to assist in understanding the Organization's consolidated financial statements. The consolidated financial statements and notes are representations of the Organization's management, who is responsible for their integrity and objectivity.

Nature of activity: United Way of Washington County, Maryland, Inc. ("UWWC") was incorporated in March of 1957 as a nonprofit organization that was formed to support community, charitable, benevolent, and educational undertakings that give aid, relief, and comfort primarily to the people of Washington County, Maryland, by increasing general knowledge and promoting public interest in such undertakings, and by collecting and donating money and services for these purposes. UWWC is governed by a volunteer board of directors.

United Way Foundation of Washington County, Maryland, Inc. ("the Foundation") was incorporated in March of 1968 as a nonprofit organization that was formed to support the mission of UWWC.

Principles of accounting: The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Basis of consolidation and presentation: UWWC and the Foundation have common Boards of Directors. Accordingly, management has determined that consolidated financial statements represent the most informative presentation in conformity with FASB Accounting Standards Codification (ASC) 958-810-55. Therefore, the accompanying consolidated financial statements include the accounts of UWWC and the Foundation. Intercompany transactions have been eliminated in the consolidation.

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

> **Net assets without donor restrictions:** Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of management. In addition, the Organization's Board of Directors may designate resources for specific purposes, for example, a particular program activity or capital addition. Such amounts are reported as board designated without donor restrictions and have been designated for investment.
>
> **Net assets with donor restrictions:** Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature and limit the use of funds to a specific time period and/or purpose. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Estimates: The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates include the collectability of receivables, valuation of conditional promises to give, and fair value measurements.

Cash and cash equivalents: The Organization considers all highly-liquid investments with an original maturity of three months or less to be cash equivalents.

Pledges receivable: Promises to give are recognized as revenues when the donor makes an unconditional promise to give to the Organization. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated cash flows. The Organization believes that all pledges will be collected within one year. Contributions are considered to be available for the general programs of the Organization, unless specifically restricted by the donor. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Donor-restricted contributions, such as campaign support, are reported as increases in net assets with donor restrictions unless the restriction is satisfied in the same fiscal year as the contribution, in which case the contribution is reported as without donor restrictions. When a donor restriction expires via the passage of time or fulfillment of the intended purpose, net assets with donor restrictions are reclassified to net assets without donor restrictions.

The Organization utilizes the allowance method to determine the estimated uncollectible pledges receivable. The allowance is based on prior years' experience and management's analysis of specific promises to give.

Fair value measurements: The Organization conforms with FASB ASC 820, *Fair Value Measurements and Disclosures*, which provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1) and the lowest priority to unobservable inputs (level 3). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that are accessible at the measurement date.

Level 2: Inputs to the valuation methodology include: (a) quoted prices for similar assets or liabilities in active markets; (b) quoted prices for identical or similar assets or liabilities in inactive markets; (c) inputs other than quoted prices that are observable for the asset or liability; and (d) inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specific (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 asset or liability's 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 are used to maximize the use of observable inputs and minimize the use of unobservable inputs.

The Organization reports certain investments using the net asset value per share as determined by investment managers under the so called "practical expedient". The practical expedient allows net asset value per share to represent fair value for reporting purposes when the criteria for using this method are met. These investment funds are held as units or interest in institutional funds or limited partnerships, which are stated at net asset value (NAV) or its equivalent. The Organization uses the NAV as a practical expedient to estimate the fair value, unless it is probable that all or a portion of the investment will be sold for an amount different than NAV. Pursuant to FASB ASU 2015-07, the Organization has not categorized these investments in levels within the fair value hierarchy table (Note 4).

Investments: The Organization's investment in units of the Community Foundation of Washington County, Inc. (CFWC), is stated at the Organization's proportionate share of the fair value of the CFWC fund units. Changes in unrealized gains and losses are included in net investment income and recognized in the statements of activities.

Realized gains and losses on investments are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by the donor or by law, and are included in net investment return. Also included in net investment return is other investment income, such as dividends and interest, which is recognized in the period earned as increases in net assets without donor restrictions unless the use is limited by donor restrictions.

Property and equipment: Property and equipment are recorded at cost, if purchased, or fair market value, if donated. Maintenance and repairs are charged to expense as incurred. Major improvements that increase the useful lives of the assets are capitalized, subject to a property and equipment capitalization threshold of $2,500. Upon sale or retirement of a capitalized asset, the cost and related accumulated depreciation are eliminated from the respective accounts and the resulting gain or loss is included in current income. Depreciation is computed on the straight-line method over the estimated useful lives of the related assets ranging from three to ten years.

Agency grants: The Organization raises funds primarily through its annual campaign. Based on the annual campaign, pledges receivable and corresponding contributions revenue are recognized, net of (a) designations to agencies, (b) designations to other United Way organizations, and (c) an allowance for uncollectible pledges receivable. After consideration of its projected operating expenses, capital expenditures, and cash flows from pledges, management develops an estimate of the Organization’s projected grants to its member agencies. The grants are paid in twelve equal monthly payments.

Designations payable: Some pledges are designated by donors to be distributed to either member agencies or other United Way organizations. Accordingly, such amounts are reported as campaign pledges receivable with a corresponding liability to the designated agencies and deducted from gross campaign support on the consolidated statement of activities.

In-kind contributions: Donated assets are recorded as support at their estimated fair values on the dates of the gift and are depreciated, if appropriate, over their estimated useful lives. Such donations are reported as support without donor restrictions unless the donor placed specific restrictions on the donated asset. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as support with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service and reclassifies net assets with donor restrictions to net assets without donor restrictions at that time. Contributions of donated services that create or enhance non-financial assets, which would typically need to be purchased from individuals with specialized skills if not provided by donation, are recorded at their fair value in the period received. No amounts have been reflected in the financial statements for donated services by volunteers who donated their time to the Organization's service or fundraising campaigns since there is no objective basis available to measure the value of services received, and the conditions for recognition have not been met.

During the years ended June 30, 2019 and 2018, in-kind donations of $57,295 and $36,039, respectively, have been recorded as contribution revenue with a corresponding charge to expenses. In-kind contributions consist of advertising, services, and supplies for the year ended June 30, 2019 and services and supplies for the year ended June 30, 2018.

Functional allocation of expenses: Certain costs have been allocated among the programs and supporting services benefitted. Where possible, allocations of costs by function are based on specific identification of costs to program, management and general, or fundraising. Non-specifically identified costs are determined by management on an equitable basis. All expenses except funds awarded / distributed and bad debt expense are in part or in whole allocated to their applicable functional categories. Salaries and wages are allocated based on analysis of time and effort by function; other expenses are allocated to each function as a percentage of total salaries and wages.

Advertising and marketing costs: Advertising and marketing costs are expensed as incurred. Advertising costs, including in-kind contributions, totaled $31,525 and $42,296, respectively, for the years ended June 30, 2019 and 2018.

Income tax status: Both UWWC and the Foundation are exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The entities comply with ASC 740-10, *Income Taxes*, which established a threshold for determining when an income tax benefit of a tax position can be recognized. Under ASC 740-10, a tax position includes, among other things, (a) a decision not to file a tax return, (b) an allocation or a shift of income between jurisdictions, (c) the characterization of income or a decision to exclude reporting taxable income in a tax return, (d) a decision to classify a transaction, entity, or other position in a tax return as tax exempt, and (e) an entity's status, including its status as a tax-exempt not-for-profit entity. Based on its interpretation of the requirements of ASC 740-10, management believes that the entities have no uncertain tax positions that qualify for either recognition or disclosure. The entities are subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. UWWC and the Foundation believe they are no longer subject to income tax examinations for years prior to 2015.

New accounting pronouncement: On August 18, 2016, FASB issued ASU 2016-14, *Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities.* The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Organization has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.

2. RISKS AND UNCERTAINTIES

The Organization has a cash sweep account agreement with a local bank whereby balances are transferred daily to mutual funds that invest in securities issued or guaranteed as to principal and interest by the U.S. Government or its agencies. These money market funds are not FDIC insured. However, the Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk for cash.

The Organization invests in a portfolio that contains a variety of investment types. Such investments are exposed to various risks, such as market, credit and interest rate risk. Due to the level of risk associated with such investments, it is at least reasonably possible that such risk may change in the near term and that such changes could materially affect the fair values of those investments as reported in the Organization's financial statements. In addition, recent economic uncertainty and market events have led to unprecedented volatility in the currency, commodity, debt and equity markets that have resulted in the bankruptcy and/or failure of some financial institutions. Such events have highlighted the level of risk inherent in any investment portfolio. Management believes that there has been no significant reduction of fair value since June 30, 2019.

3. AVAILABILITY AND LIQUIDITY

As of June 30, 2019 and 2018, the Organization has working capital of approximately $580,000 and $710,000, respectively, and average days (based on normal expenditures) cash on hand of approximately 105 and 126 days, respectively. As part of the Organization's liquidity management plan, cash is evaluated on a regular basis and invested in short-term investments and money market funds.

The following represents the Organization's financial assets available within one year as of June 30:

	2019	2018
Financial assets at year end:		
Cash and cash equivalents	$ 275,492	$ 304,656
Campaign pledges receivable, net	354,897	429,824
Other receivables	38,256	40,432
Investments	862,871	897,853
Total financial assets available at year end	1,531,516	1,672,765
Less amounts not available to be used within one year:		
Net assets with donor restrictions	19,149	18,860
Less net assets with restrictions to be met in less than a year	(5,000)	(2,500)
Board designated fund	851,991	886,973
	866,140	903,333
Financial assets available to meet general expenditures over the next twelve months	**$ 665,376**	**$ 769,432**

The Board designated fund may be drawn upon, if necessary, with Board approval.

The Organization also has a $100,000 line of credit available to meet cash flow needs (Note 7).

4. INVESTMENTS

The Organization has an agreement with CFWC whereby the Organization invests in units of CFWC investment portfolio. As of June 30, 2019 and 2018, the units valued at net asset value are reported at fair value on the statements of financial position, at $862,871 and $897,853 respectively.

Net investment return (loss) consisted of the following for the years ended June 30:

	2019	2018
Dividend and interest income	$ 34,524	$ 35,464
Unrealized gain (loss) on investments	(12,995)	59,266
	21,529	94,730
Less: investment expense	(11,757)	(9,650)
	$ 9,772	**$ 85,080**

5. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30:

	2019	2018
Furniture and fixtures	$ 53,919	$ 53,919
Leasehold improvements	19,804	19,804
	73,723	73,723
Less accumulated depreciation	(57,060)	(55,080)
	$ 16,663	**$ 18,643**

Total depreciation expense for the years ended June 30, 2019 and 2018 was $1,980 and $1,676, respectively.

6. FUNDS HELD BY OTHERS

The Organization entered into an agreement with CFWC whereby the Organization collects third-party contributions and remits such donations to CFWC. These third party donations, together with matching contributions by the Waltersdorf/Henson Endowment Challenge Campaign (to a maximum of $100,000, which has been achieved), become the sole property of CFWC to be held and invested by CFWC in the Waltersdorf/Henson United Way Foundation Endowment Fund (the CFWC "Sub-fund"). Accordingly, the aforementioned Sub-fund is not recognized as an asset of the Organization. Under the terms of the agreement, the Organization is entitled to receive on an annual basis (at the discretion of CFWC's Board of Trustees) the lesser of 5% of a rolling quarterly average value of the Sub-fund or the excess of the fair value of the Sub-fund over its historic dollar value, as defined in the agreement. Such amounts, which are included in other revenue and support, approximated $13,900 and $13,600 in 2019 and 2018, respectively.

UWWC is a beneficiary of a permanent endowment fund held by CFWC. The UWWC is entitled to the earnings of the fund on an annual basis, as long as the fair market value of the fund, as of June 30 of each year, does not drop below its original historical cost. Because UWWC has granted variance power and the fund is the sole property of CFWC, the aforementioned fund is not recognized as an asset of UWWC. For the years ended June 30, 2019 and 2018 UWWC received income approximating $950 and $900, respectively, which is included in other revenue and support.

UWWC is an irrevocable beneficiary of a split-interest agreement relating to the Mathias Washington County Charitable Trust (the Trust). Under the terms of the agreement, UWWC is entitled to an annual distribution of 12% of the net income of the Trust as long as the trust continues to exist. The timing of the distribution is at the discretion of the Trustees of the Trust, and is to be used for the general welfare of UWWC. Management believes that the Trustee has the power to terminate the trust at any time and distribute the principal to organizations of the trustee's choosing. Because the Trustee has variance power over the Trust, it does not meet the criteria to be recognized as an asset of UWWC as defined by ASC 958-30. The annual distribution of UWWC's 12% distributive share of the Trust is recognized as contribution income without donor restrictions in the accompanying consolidated statements of activities.

7. LINE OF CREDIT

The Organization has available a $100,000 line of credit with a local bank. There is no expiration on the note and any draws bear interest at BB&T Prime (5.5% at June 30, 2019). As of June 30, 2019 and 2018 the line of credit was unused.

8. EVENT REVENUE

Net revenue from events for the years ended June 30 was as follows:

	2019	2018
Gross revenues	$ 48,626	$ 18,067
Less: event expenses	(20,766)	(11,406)
	$ 27,860	**$ 6,661**

9. RETIREMENT PLAN

The Organization sponsors a contributory defined contribution pension plan under section 403(b) of the Internal Revenue Service code covering all employees meeting certain eligibility requirements. Contributions by the Organization are 5% of the participating employee's salary. Such contributions were $8,474 and $8,457 for 2019 and 2018, respectively.

10. NET ASSETS

Net assets with donor restrictions as of June 30, consisted of the following:

	2019			
	BALANCE AT 6/30/18	CONTRIBUTIONS	SATISFACTION OF RESTRICTIONS	BALANCE AT 6/30/19
Subject to purpose restrictions:				
New Campaign Fund	$ 2,500	$ -	$ 2,500	$ -
Sponsors	101	-	-	101
Day of Caring	1,219	-	1,219	-
Youth United Way	4,160	-	992	3,168
ARC	-	5,000	-	5,000
Not subject to appropriations or expenditure:				
Howard S Kaylor Fund	10,880	-	-	10,880
	$ 18,860	**$ 5,000**	**$ 4,711**	**$ 19,149**

	2018			
	BALANCE AT 6/30/17	CONTRIBUTIONS	SATISFACTION OF RESTRICTIONS	BALANCE AT 6/30/18
Subject to purpose restrictions:				
New Campaign Fund	$ 545	$ 2,500	$ 545	$ 2,500
Sponsors	-	101	-	101
Day of Action	2,729	-	2,729	-
Day of Caring	3,677	-	2,458	1,219
Born Learning	1,137	-	1,137	-
Community Foundation FANS	340	-	340	-
Youth United Way	4,206	-	46	4,160
Not subject to appropriations or expenditure:				
Howard S Kaylor Fund	10,880	-	-	10,880
	$ 23,514	**$ 2,601**	**$ 7,255**	**$ 18,860**

11. ENDOWMENT

The Board of Directors (BOD) of the Organization has interpreted the Maryland Uniform Prudent Management of Institutional Funds Act (MUPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as net assets not subject to appropriations or expenditure: (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gifts instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in net assets not subject to appropriations or expenditure is classified as net assets without donor restrictions. In accordance with MUPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds: (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Organization, and (7) the Organization's investment policies.

The endowment fund consists of the Howard S. Kaylor Endowment Fund. Earnings on the endowment are not donor-restricted and are included in net investment income without donor restrictions. As of June 30, 2019 and 2018, no additional contributions were made in regards to the endowment fund and the balance remained $10,880 for each year.

The Organization has adopted an investment and spending policy approved and monitored by the trustees of CFWC. The policy attempts to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return with acceptable levels of risk. Endowment assets are invested in a well-diversified asset mix.

The Organization expects its endowment assets, over time, to produce an average rate of return of 7% to 8%, with the assumption of an annual inflation rate of 3% and to outperform the Standard & Poor's 500 Index and the Barclays Capital U.S. Government/Credit Index. Actual returns in any given year may vary from this amount. Investment risk is measured in terms of the total endowment fund; investment assets allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

12. COMMITMENTS

Beginning in December 2017, the Organization leases its facilities under a ten year operating lease with two renewal options of five years each. Under the terms of the lease, the initial monthly payments are $1,291, increasing 1% annually thereafter.

Prior to December 2017, the Organization leased its facilities under a different operating lease with a concurrent sub-lease agreement with CFWC for approximately 40% of the total square footage of the facilities. Sublease income approximated $13,000 in 2018 and is netted against rent expense.

Net rental expense was $15,595 and $17,634 for the years ended June 30, 2019 and 2018, respectively. Future minimum lease payments for the years ending June 30 are as follows:

2020	$	15,725
2021		15,882
2022		16,041
2023		16,202
2024		16,364
Thereafter		58,551
	$	**138,765**

13. CONCENTRATIONS

During 2019, the Organization received approximately 10% of gross campaign results from one donor. As of June 30, 2019, that donor's pledge accounted for 20% of outstanding pledge receivables.

14. RELATED PARTY

A member of the board of directors was the executive director of CFWC through fiscal year 2018. Payments to this organization for investment and management fees totaled approximately $9,700 for 2018.

15. CONDITIONAL PROMISES TO GIVE

The Organization allocates funding to agencies based on a one, two, and three year grant model. The funding is contingent on the grantee organizations completing required reports and obtaining certain performance measures prior to the grants becoming earned by the grantee. Therefore, the grants are not reported as a liability on the consolidated statements of financial position at June 30, 2019 and 2018. As of June 30, 2019, the Organization has conditionally promised grant funding to support various agencies as follows:

	2020	2021	2022
Education	$ 115,917	$ 115,917	$ -
Financial stability	85,893	-	-
Basic needs	83,640	-	-
Health	82,380	82,380	82,380
	$ 367,830	**$ 198,297**	**$ 82,380**

16. COST DEDUCTION STANDARD

The expenses associated with processing donor designated pledges are recovered by an assessment for both fundraising and management and general expenses based on actual historical costs in accordance with the United Way Worldwide Membership Standards as outlined in their publication titled United Way Worldwide Cost Deduction Requirements for Membership Standard M.

17. RECLASSIFICATIONS

Certain accounts in the prior-year consolidated financial statement have been reclassified for comparative purposes to conform to the presentation in the current-year consolidated financial statements.

18. SUBSEQUENT EVENTS

The Organization has evaluated events and transactions subsequent to June 30, 2019 through November 12, 2019, the date these consolidated financial statements were available to be issued. Based on the definitions and requirements of generally accepted accounting principles in the United States of America, management has not identified any events that have occurred subsequent to June 30, 2019 through November 12, 2019, that require recognition or disclosure in the consolidated financial statements.

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