

UNITED WAY OF SOUTHEAST MISSOURI, INC.
Cape Girardeau, Missouri

FINANCIAL STATEMENTS

Year Ended June 30, 2019

UNITED WAY OF SOUTHEAST MISSOURI, INC.
Cape Girardeau, Missouri

CONTENTS

	<u>Page</u>
Independent Auditor's Report	1-2
<i><u>Financial Statements:</u></i>	
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements	7-12

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HILLIN AND COMPANY, PC
CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
United Way of Southeast Missouri, Inc.
Cape Girardeau, Missouri

We have audited the accompanying financial statements of United Way of Southeast Missouri, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness

of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion the financial statements referred to above present fairly, in all material respects, the financial position of United Way of Southeast Missouri, Inc. as of June 30, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Yours truly,

A handwritten signature in cursive script that reads "Hillin and Company, PC". The signature is written in dark ink and is positioned above the printed name of the firm.

HILLIN AND COMPANY, PC

Cape Girardeau, Missouri
May 7, 2020

UNITED WAY OF SOUTHEAST MISSOURI, INC.
Cape Girardeau, Missouri

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<u>SUPPORT AND REVENUE:</u>			
Pledges	\$ 748,263	\$ 0	\$ 748,263
Grant Income	0	71,602	71,602
In-Kind Contributions	25,711	0	25,711
Interest	13,510	0	13,510
Special Events	101,803	0	101,803
Other	449	0	449
Net Assets Released from Restrictions	<u>74,095</u>	<u>(74,095)</u>	<u>0</u>
 Total Support	 <u>\$ 963,831</u>	 <u>\$ (2,493)</u>	 <u>\$ 961,338</u>
<u>EXPENSES:</u>			
Program Services:			
Agency Allocations	\$ 548,394	\$ 0	\$ 548,394
Salaries, Office and Miscellaneous	249,631	0	249,631
Supporting Services:			
Management and General	43,742	0	43,742
Fund-Raising	<u>153,443</u>	<u>0</u>	<u>153,443</u>
 Total Expenses	 <u>\$ 995,210</u>	 <u>\$ 0</u>	 <u>\$ 995,210</u>
 INCREASE (DECREASE) IN NET ASSETS	 <u>\$ (31,379)</u>	 <u>\$ (2,493)</u>	 <u>\$ (33,872)</u>
 BEGINNING NET ASSETS, July 1, 2018	 <u>1,078,945</u>	 <u>2,493</u>	 <u>1,081,438</u>
 ENDING NET ASSETS, June 30, 2019	 <u><u>\$ 1,047,566</u></u>	 <u><u>\$ 0</u></u>	 <u><u>\$ 1,047,566</u></u>

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

UNITED WAY OF SOUTHEAST MISSOURI, INC.
Cape Girardeau, Missouri

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2019

	Program Services	Management and General	Fund- Raising	Totals
Agency Allocations	\$ 548,394	\$ 0	\$ 0	\$ 548,394
Education/Read to Succeed	1,344	0	0	1,344
First Call for Help	58,135	0	0	58,135
LIFE	65,873	0	0	65,873
Tornado Relief	1,155	0	0	1,155
Delta Corp Grant Expense	2,794	0	0	2,794
One Time Grants	5,500	0	0	5,500
Bank Charges	0 ¹	75	78	153
Campaign Expenses	0	0	38,321	38,321
Compensation of Officers	39,000	6,499	19,501	65,000
Depreciation	1,901	2,389	3,313	7,603
Dues and Subscriptions	586	251	838	1,675
Employee Benefits	10,807	1,498	7,596	19,901
Fundraising	0	0	38,121	38,121
Insurance	800	1,241	1,159	3,200
Marketing	452	0	453	905
Meetings and Seminars	1,114	778	19	1,911
Mileage	647	216	216	1,079
Miscellaneous	108	108	108	324
Office Supplies and Printing	970	970	970	2,910
Payroll Taxes	5,702	845	4,013	10,560
Postage	24	23	23	70
Professional Fees	4,155	4,155	4,156	12,466
Promotional Expense	32	54	7	93
Recognition	140	238	182	560
Rent	4,444	4,443	4,443	13,330
Repairs and Maintenance	206	3,131	85	3,422
Salaries & Wages	39,321	5,825	27,670	72,816
Software	890	50	50	990
Telephone	1,010	1,010	1,009	3,029
Training	645	243	178	1,066
Travel, Meals, & Entertainment	1,151	434	317	1,902
Utilities	508	508	508	1,524
UWA & CNCS Fees	0	8,649	0	8,649
Website Expense	217	109	109	435
TOTALS	<u>\$ 798,025</u>	<u>\$ 43,742</u>	<u>\$ 153,443</u>	<u>\$ 995,210</u>

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

UNITED WAY OF SOUTHEAST MISSOURI, INC.
Cape Girardeau, Missouri

STATEMENT OF CASH FLOWS

For the Year Ended June 30, 2019

<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>	
Change in Net Assets	\$ (33,872)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:	
Depreciation	7,603
Change in Assets and Liabilities:	
Decrease in Pledges Receivable	23,322
Decrease in Prepaid Expenses	10,972
Increase in Accounts Receivable	(15,940)
Increase in Accounts Payable	11,572
Decrease in Payroll Taxes Payable	(37)
Decrease in Outstanding Pledges Unpaid	<u>(123,553)</u>
NET CASH USED BY OPERATING ACTIVITIES	\$ (119,933)
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>	
Purchase of short-term investments	\$ (154,889)
Acquisition of fixed assets	<u>(10,848)</u>
NET CASH USED BY INVESTING ACTIVITIES	<u>(165,737)</u>
NET DECREASE IN CASH	\$ (285,670)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>947,001</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 661,331</u>
CASH PAID DURING THE YEAR FOR:	
Interest	<u>\$ 0</u>

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

UNITED WAY OF SOUTHEAST MISSOURI, INC.
Cape Girardeau, Missouri

NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The United Way of Southeast Missouri, Inc. was organized in 1955 and operated as a voluntary nonprofit unincorporated association until it was incorporated in 1997. It was formed to raise and disburse funds to local charities, however, has evolved into a community impact organization, assessing community needs and convening groups around these needs to work towards solutions, as well as continuing to raise funds to impact critical community issues. Funds raised are invested in health and human service charities in the Cape Girardeau, Jackson, Scott City and Perryville communities.

A summary of the significant accounting policies consistently applied to the preparation of the accompanying financial statements follows:

A. Basis of Accounting:

Basis of Accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. The financial statements are presented on the accrual basis of accounting. The accrual basis of accounting recognizes revenues in the accounting period in which revenues are earned regardless of when cash is received, and recognizes expenses in the accounting period in which expenses are incurred regardless of when cash is disbursed.

B. Basis of Presentation:

Net assets of the organization and changes therein are classified and reported as follows:

Without Donor Restrictions - Net assets that are not subject to grantor or donor-imposed stipulations.

The June 30, 2019 Net Assets Without Donor Restrictions includes \$242,678 of certificates of deposit that the board has voted to save as a fund that will continue to grow until a time that the earnings on the investment can pay for the Organization's operating budget.

With Donor Restrictions – Net assets subject to grantor or donor-imposed stipulations that are more restrictive than the Organization's mission and purpose.

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions.

C. Adoption of Accounting Policy:

For the year ended June 30, 2019, HFHCA adopted Accounting Standards Update (ASU) No. 2016-14, Not-for-Profit Entities (Topic 958): *Presentation of Financial Statements of Not-for-Profit Entities*, which changed the current net asset classification requirements and the information presented in financial statements and notes about a not-for-profit entity's liquidity, financial performance, and cash flows.

D. Cash and Cash Equivalents:

The Organization considers all highly liquid certificates of deposit purchased with an original maturity of three months or less to be cash equivalents.

E. Investments:

All investments are certificates of deposit with maturity dates greater than three months and are carried at fair market value.

F. Allowance for Doubtful Accounts:

Management estimates that approximately 7 percent of total campaign pledges will be uncollectible. At the end of each quarter, (a campaign period lasts approximately 18 months) campaign pledges to date, less the estimated doubtful accounts, are recorded as Pledges Receivable. The receivable account is reduced as donations are collected. The estimated Doubtful Accounts for the 2018 campaign were \$28,897.

G. Property and Equipment:

Property and Equipment are stated at cost, less accumulated depreciation. Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives on a straight-line basis. The organization follows the practice of capitalizing all expenditures for property and equipment that cost in excess of \$700.

H. Outstanding Pledges Unpaid:

United Way Campaign pledges are charged to Pledges Receivable and credited to Outstanding Pledges Unpaid. United Way recognizes this income over an eighteen-month period based on actual collections against pledges.

I. Income Taxes:

The organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. In addition, the agency has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a) of the Code.

J. Allocation of Expenses:

The cost of providing the various programs and other activities have been summarized on a functional basis in the Statement of Functional Expenses.

K. Contributed Services:

During the year ended June 30, 2019, the value of contributed services meeting the requirements for recognition in the financial statements have been recorded. In addition, many individuals volunteer their time and perform a variety of tasks that assist the organization. The value of these services does not meet the requirements for recognition and therefore have not been recorded.

L. Use of Estimates:

In preparing financial statements in conformity with generally accepted accounting principles, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

M. Functional Allocation of Expenses:

The purpose of all expenses not paid directly to agencies or used by management for daily operations are considered fund-raising expenses. Some expenses are allocated based on estimates made by management. These estimates are based on time spent by employees in carrying out daily duties and on past experience.

NOTE 2: PROPERTY AND EQUIPMENT:

Property and equipment consist of the following:

Office Equipment	\$ 101,016
Leasehold Improvements	<u>2,711</u>
Total	<u>\$ 103,727</u>

Depreciation expense for the year ended June 30, 2019 was \$7,603.

NOTE 3: CONCENTRATION OF CREDIT RISK – CASH:

The organization maintains its cash balances at various financial institutions located in Cape Girardeau, Missouri, which at times may exceed federally insured limits. The organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents or investments. At June 30, 2019, the organization had no uninsured balances.

NOTE 4: LIQUIDITY:

The Organization's financial assets available within one year of the Statement of Financial Position date for general expenditures are as follows:

Cash and cash equivalents	\$ 661,331
Short term investments	271,751
Pledges receivable, net	383,916
Receivables – Other	<u>21,500</u>
	\$1,338,498
Less those unavailable for general expenditures within one year due to:	
Reserved by board for endowment	<u>242,678</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$1,095,820</u>

In addition to these assets, the Organization operates with a balanced budget and anticipates raising contributions to cover expenditures not otherwise covered.

NOTE 5: PROGRAM SERVICES – AGENCY ALLOCATIONS:

During the fiscal year ended June 30, 2019, the organization supported over 40 agencies which in turn provided health, social, character building activities and activities which address top community needs in the area. Allocations are based on annual agency applications for financial assistance and the level of public support to United Way of Southeast Missouri's fundraising campaign. Several of the agencies receiving the greatest amount of United Way of Southeast Missouri's financial support in the fiscal year ended June 30, 2019 are listed below:

Community Caring Council	\$ 81,542
Big Brothers Big Sisters	61,136
Salvation Army	51,376
Boys and Girls Club	50,020
Safe House for Women	32,370
Habitat for Humanity	29,840
Court Appointed Special Advocates	26,093
American Red Cross	25,012
APPLE Project	19,918
Cape Public Schools – Children's Fund	13,936

NOTE 6: DONATED SERVICES:

Generally accepted accounting principles state that for the value of donated services to be recognized in the financial statements, the services must either (a) create or enhance a non-financial asset or (b) be specialized skills, provided by entities or persons possessing those skills, that would otherwise be purchased if they were not donated.

Accordingly, the specialized services have been reflected in the financial statements at the estimated fair value of this service. The value of general services has not been reflected in the financial statements since they do not meet the above criteria.

The value of donated services and the corresponding expenditures included in the financial statements for the year ended June 30, 2019 are as follows:

Revenues, Gains and Other Support	
Contributed Services	<u>\$21,500</u>
Expenditures	
Campaign Expenditures	<u>\$21,500</u>

NOTE 7: LEASE AGREEMENTS:

In May of 2017, the organization entered into a lease agreement for office space under a 36 month lease that expires in May of 2020. Minimum annual rental commitments are as follows:

For the year ending:	
June 30, 2020	<u>\$12,000</u>
Total	<u>\$12,000</u>

NOTE 8: COMPENSATED ABSENCES:

Employees of the organization are entitled to paid vacation, paid sick days, and personal days off, depending on job classification, length of service, and other factors. It is impractical to estimate the amount of compensation for future absences, and accordingly, no liability has been recorded in the accompanying financial statements. The organization's policy is to recognize the costs of compensated absences when actually paid to employees.

NOTE 9: RETIREMENT PLAN:

The organization maintains a SIMPLE IRA plan for all eligible employees. The organization contributes 3% of gross wages to the participating employees' SIMPLE IRA accounts. The organization's contributions totaled \$4,321 for the year ended June 30, 2019.

NOTE 10: RELATED PARTY TRANSACTIONS:

One of the Board Members is also a Vice President of a local bank that the organization utilizes to deposit funds. At June 30, 2019, the funds on deposit with that bank totaled \$243,393.

NOTE 11: SUBSEQUENT EVENTS:

Subsequent events were evaluated through May 7, 2020, which is the date the financial statements were available.