

United Way of Central West Virginia, Inc.

**Independent Auditors' Report
and
Financial Statements**

June 30, 2020

United Way of Central West Virginia, Inc.

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Independent Auditors' Report

To the Board of Directors
United Way of Central West Virginia, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of United Way of Central West Virginia, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2020, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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.

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To the Board of Directors
United Way of Central West Virginia, Inc.
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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Way of Central West Virginia, Inc. as of June 30, 2020, 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.

Report on Summarized Comparative Information

We have previously audited United Way of Central West Virginia, Inc.'s 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 10, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

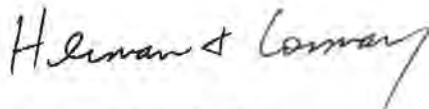
Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of *Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 15, 2021, on our consideration of United Way of Central West Virginia, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of United Way of Central West Virginia, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering United Way of Central West Virginia, Inc.'s internal control over financial reporting and compliance.



Charleston, West Virginia
January 15, 2021

United Way of Central West Virginia, Inc.

Statement of Financial Position

**June 30, 2020, with Comparative Totals
as of June 30, 2019**

	<u>2020</u>	<u>2019</u>
Assets		
Cash and cash equivalents	\$ 454,390	\$ 369,812
Accounts receivable	288,133	332,278
Pledges receivable (net)	298,896	297,786
Prepaid expenses	3,940	42,450
Total Current Assets	<u>1,045,359</u>	<u>1,042,326</u>
Land, building, equipment (net)	424,368	463,382
Long-term investments	868,083	836,386
Total Assets	<u>\$2,337,810</u>	<u>\$2,342,094</u>
Liabilities		
Accounts payable	\$ 151,596	\$ 69,056
Accrued expenses	54,911	42,347
Grant and program funds received in advance	505,194	563,510
Donor designations	32,909	41,790
Paycheck protection program loan	118,900	-0-
Total Current Liabilities	<u>863,510</u>	<u>716,703</u>
Net Assets		
Without donor restrictions	1,073,946	1,204,088
With donor restrictions	400,354	421,303
Total Net Assets	<u>1,474,300</u>	<u>1,625,391</u>
Total Liabilities and Net Assets	<u>\$2,337,810</u>	<u>\$2,342,094</u>

See notes to financial statements.

United Way of Central West Virginia, Inc.

Statement of Activities

For the Year Ended June 30, 2020,
with Comparative Totals for the Year Ended June 30, 2019

	<u>Without</u>	<u>With</u>	<u>2020</u>	<u>2019</u>
	<u>Donor</u>	<u>Donor</u>	<u>Total</u>	<u>Total</u>
	<u>Restrictions</u>	<u>Restrictions</u>		
Revenues, Gains, and Support				
Pledges				
Total pledges received	\$ -0-	\$ 1,356,893	\$1,356,893	\$1,483,943
Uncollectible pledges, net	-0-	(18,913)	(18,913)	(53,982)
Less donor pass through pledges	-0-	(50,580)	(50,580)	(83,653)
Net Pledges	<u>-0-</u>	<u>1,287,400</u>	<u>1,287,400</u>	<u>1,346,308</u>
Administrative fees income	3,878	-0-	3,878	1,834
Realized investment income (loss)	28,737	-0-	28,737	20,472
Net unrealized gains (loss) on long-term investments	3,980	-0-	3,980	23,312
Foster grandparents	-0-	468,317	468,317	463,340
AmeriCorps/Vista	-0-	1,164,771	1,164,771	1,273,904
Other grants and programs	-0-	551,731	551,731	322,559
Other contributions	20,652	-0-	20,652	9,452
Contributions – COVID 19	-0-	126,059	126,059	-0-
Contributions – flood relief	-0-	-0-	-0-	85,934
Miscellaneous	8,140	-0-	8,140	540
Special events income (net)	81,590	-0-	81,590	12,392
Rent income & equipment fees	30,270	-0-	30,270	24,132
Satisfaction of restrictions	<u>3,619,227</u>	<u>(3,619,227)</u>	<u>-0-</u>	<u>-0-</u>
Total Revenues, Gains and Support	<u>3,796,474</u>	<u>(20,949)</u>	<u>3,775,525</u>	<u>3,584,179</u>
Expenses and Losses				
Total program costs	3,328,309	-0-	3,328,309	3,186,252
Management and general	346,947	-0-	346,947	341,094
United Way Worldwide dues	36,070	-0-	36,070	37,481
Fundraising	<u>215,290</u>	<u>-0-</u>	<u>215,290</u>	<u>208,146</u>
Total Expenses and Losses	<u>3,926,616</u>	<u>-0-</u>	<u>3,926,616</u>	<u>3,772,973</u>
Change in Net Assets	(130,142)	(20,949)	(151,091)	(188,794)
Net Assets, Beginning of Year	<u>1,204,088</u>	<u>421,303</u>	<u>1,625,391</u>	<u>1,814,185</u>
Net Assets, End of Year	<u>\$1,073,946</u>	<u>\$400,354</u>	<u>\$1,474,300</u>	<u>\$1,625,391</u>

See notes to financial statements.

United Way of Central West Virginia, Inc.

Statement of Functional Expenses

**For the Year Ended June 30, 2020,
with Comparative Totals for the Year Ended June 30, 2019**

	Program Costs					
	Retired and Senior Volunteer Program	Foster Grand Parents	AHI	AmeriCorps/ Vista	Other Program Expenses	Community Impact
Salaries	\$106,452	\$ 86,120	\$46,460	\$ 912,449	\$ 54,440	\$ 60,163
Payroll Taxes	3,164	7,144	3,897	69,018	4,592	4,726
Benefits	6,286	15,914	1,482	87,349	4,648	16,294
Total salaries and related expenses	115,902	109,178	51,839	1,068,816	63,680	81,183
Professional fees	-0-	-0-	-0-	-0-	-0-	-0-
Outside services	-0-	518	1,568	4,000	170,497	5,200
Participant stipend	-0-	286,656	-0-	-0-	1,500	-0-
Communications	2,675	2,296	1,391	4,628	415	920
Postage	1,984	1,064	6	917	286	49
Occupancy	6,273	4,807	-0-	3,620	2,975	-0-
Repairs and maintenance	-0-	-0-	-0-	-0-	-0-	193
Printing and copying cost	2,184	1,175	-0-	-0-	3,751	1,941
Travel and meals	9,327	38,513	879	22,308	1,617	3,367
Conferences and meetings	-0-	-0-	-0-	-0-	-0-	1,047
Miscellaneous and grants	783	441	-0-	2,066	1,504	207
Insurance	6,052	968	-0-	-0-	1,401	-0-
Staff development	-0-	-0-	-0-	15,481	-0-	-0-
Allocation to agencies	-0-	-0-	-0-	-0-	-0-	-0-
COVID-19 assistance	-0-	-0-	-0-	-0-	-0-	-0-
Flood relief assistance	-0-	-0-	-0-	-0-	-0-	-0-
Other community assistance	-0-	-0-	-0-	-0-	-0-	32,814
Volunteer recognition	14,772	2,927	-0-	-0-	-0-	-0-
Depreciation	-0-	-0-	-0-	-0-	-0-	-0-
Dues	-0-	-0-	-0-	-0-	-0-	-0-
Supplies	4,990	4,914	6,004	7,874	22,808	1,129
Advertising/Promotion	-0-	-0-	-0-	-0-	18,760	-0-
Total Expenses	\$164,942	\$453,457	\$61,687	\$1,129,710	\$289,194	\$128,050

See notes to financial statements.

<u>Information & Referral</u>	<u>Community Service</u>	<u>Total Program Costs</u>	<u>Supporting Activities</u>			<u>2020 Total</u>	<u>2019 Total</u>
			<u>Management & General</u>	<u>United Way Worldwide Dues</u>	<u>Fund Raising</u>		
\$ 71,402	\$ 74,685	\$1,412,171	\$126,562	\$ -0-	\$131,080	\$1,669,813	\$1,712,616
5,985	5,944	104,470	9,876	-0-	10,228	124,574	121,212
<u>15,741</u>	<u>15,636</u>	<u>163,350</u>	<u>24,511</u>	<u>-0-</u>	<u>42,969</u>	<u>230,830</u>	<u>203,011</u>
93,128	96,265	1,679,991	160,949	-0-	184,277	2,025,217	2,036,839
2,175	-0-	2,175	26,500	-0-	-0-	28,675	33,289
-0-	-0-	181,783	14,224	-0-	30	196,037	28,179
-0-	-0-	288,156	-0-	-0-	-0-	288,156	269,357
2,355	903	15,583	9,759	-0-	2,230	27,572	28,265
459	76	4,841	256	-0-	2,284	7,381	7,480
-0-	-0-	17,675	39,497	-0-	-0-	57,172	58,629
33	2,616	2,842	11,841	-0-	3,303	17,986	12,432
2,952	442	12,445	-0-	-0-	4,934	17,379	15,772
144	249	76,404	299	-0-	3,047	79,750	116,440
351	647	2,045	2,409	-0-	4,582	9,036	7,985
26	-0-	5,027	6,756	-0-	47	11,830	16,408
-0-	-0-	8,421	24,205	-0-	4,823	37,449	24,507
-0-	-0-	15,481	1,192	-0-	-0-	16,673	25,094
-0-	787,810	787,810	-0-	-0-	-0-	787,810	807,915
-0-	105,995	105,995	-0-	-0-	-0-	105,995	-0-
-0-	-0-	-0-	-0-	-0-	-0-	-0-	85,934
1,500	-0-	34,314	-0-	-0-	-0-	34,314	7,753
-0-	597	18,296	1,883	-0-	164	20,343	18,294
-0-	-0-	-0-	39,014	-0-	-0-	39,014	40,391
-0-	1,111	1,111	2,762	36,070	1,309	41,252	43,930
900	208	48,827	5,068	-0-	721	54,616	66,060
<u>327</u>	<u>-0-</u>	<u>19,087</u>	<u>333</u>	<u>-0-</u>	<u>3,539</u>	<u>22,959</u>	<u>22,020</u>
<u>\$104,350</u>	<u>\$996,919</u>	<u>\$3,328,309</u>	<u>\$346,947</u>	<u>\$36,070</u>	<u>\$215,290</u>	<u>\$3,926,616</u>	<u>\$3,772,973</u>

United Way of Central West Virginia, Inc.

Statement of Cash Flows

For the Year Ended June 30, 2020

with Comparative Totals for the Year Ended June 30, 2019

	<u>2020</u>	<u>2019</u>
Cash Flows From Operating Activities		
Change in assets	\$(151,091)	\$(188,794)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	39,014	40,391
Allowance for uncollectible accounts	(29,715)	(3,811)
Unrealized (gain) loss on investments	(3,980)	(23,312)
Decrease (increase) in accounts receivable	44,145	(2,879)
Decrease (increase) in prepaid expenses	38,510	(14,526)
Decrease in pledges receivable	28,605	13,832
Decrease in donor designations	(8,881)	(79,938)
Increase (decrease) in accounts payable	82,540	(6,640)
Increase in accrued expenses	12,564	9,732
(Decrease) increase in grant and program funds received in advance	(58,316)	16,614
Net Cash Used In Operating Activities	<u>(6,605)</u>	<u>(239,331)</u>
Cash Flows From Investing Activities		
Purchase of furniture and equipment	-0-	(26,530)
Purchase of investments	(222,057)	(151,566)
Sale of investments	194,340	131,242
Net Cash Used In Investing Activities	<u>(27,717)</u>	<u>(46,854)</u>
Cash Flows From Financing Activities		
Proceeds from paycheck protection loan	118,900	-0-
Net Cash Provided By Financing Activities	<u>118,900</u>	<u>-0-</u>
Net Increase (Decrease) in Cash	84,578	(286,185)
Cash and Cash Equivalents, Beginning of Year	<u>369,812</u>	<u>655,997</u>
Cash and Cash Equivalents, End of Year	<u>\$454,390</u>	<u>\$ 369,812</u>

See notes to financial statements.

United Way of Central West Virginia, Inc.

Notes to Financial Statements

June 30, 2020, with Comparative Totals
as of June 30, 2019

Note A – Summary of Significant Accounting Policies

Organization – The United Way of Central West Virginia, Inc. is a non-profit, non-stock organization organized under the laws of the State of West Virginia. The Organization was formed to identify needs, develop and mobilize resources and implement programs in a manner that models shared leadership, enhances organizational capacity and builds a better community. The Organization is governed by a local voluntary Board of Directors and managed by local staff. It is affiliated with the United Way of America through the National Service and Training Center only in that it receives services from the National Center for which it remits voluntary dues. The Organization's main source of revenues include pledges from its fundraising campaign, federal and state grants, and earnings from various programs conducted.

Basis of Financial Reporting – The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America, whereby revenues are recognized as earned and expenses are recognized as incurred.

Use of Estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and 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.

Cash Equivalents – For purposes of the statement of cash flows, the Organization considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

Income Taxes – The Organization has been recognized by the Internal Revenue Service as a not-for-profit organization as described in Sec. 501 (c)(3) of the Internal Revenue Code (IRC) and is exempt from federal income taxes on related income pursuant to Sec. 501(a) of the IRC.

As of June 30, 2020, the tax years that remain subject to examination by taxing authorities begin with 2017. Tax returns for 2018, 2019 and 2020 remain open to examination by taxing authorities. Management believes that all positions taken in those returns would be sustained if examined by taxing authorities.

Advertising – Advertising costs are expensed as incurred. The total advertising and promotion expense for the years ended June 30, 2020 and 2019 are \$22,959 and \$22,020, respectively.

Comparative Totals – The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2019, from which the summarized information was derived.

United Way of Central West Virginia, Inc.

Notes to Financial Statements (Continued)

June 30, 2020, with Comparative Totals
as of June 30, 2019

Note A – Summary of Significant Accounting Policies (Continued)

Reclassifications – Certain amounts in the 2019 comparative financial statements have been reclassified to conform to the classifications reported in the financial statements for the year ended June 30, 2020.

Revenue and Expenses – The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported on the statement of activities as net assets released from restrictions.

All contributions and grants are considered available for the Organization's general programs unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor or grantor are reported as net assets with donor restrictions. Investment income that is limited to specific uses by donor restrictions is reported as increases in net assets without donor restrictions if the restrictions are met in the same reporting period as the income is recognized.

Expenses are recorded when incurred in accordance with the accrual basis of accounting. The costs of providing the program services and support activities of the Organization have been summarized on a neutral classification basis.

Classes of Net Assets – The financial statements report amounts by class of net assets.

Net assets without donor restrictions are currently available for operating purposes under the direction of the board, designated by the board for specific use, donor-advised funds, or invested in property and equipment.

Net assets with donor restrictions are stipulated by donors for specific operating purposes or for the acquisition of property and equipment or are time restricted.

Recently Issued Accounting Standards – During the year ended June 30, 2020, the Organization adopted the provisions of the following new standards issued by the Financial Accounting Standards Board (FASB): Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers*; and Accounting Standards Update (ASU) No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*.

ASU No. 2014-09 outlines a five-step process for recognizing revenue from exchange transactions. ASU No. 2018-08 provides clarifying guidance on accounting for the grants and contracts of nonprofit organizations as they relate to revenue from contracts with customers and aims to minimize the diversity in the classification of grants and contracts that exists under current guidance.

United Way of Central West Virginia, Inc.
Notes to Financial Statements (Continued)

**June 30, 2020, with Comparative Totals
as of June 30, 2019**

Note A – Summary of Significant Accounting Policies (Continued)

Donor Pass Through Pledges – Pledges received by the Organization where the donor has specified another entity as the ultimate recipient, are not recognized in the Organization’s net revenues. These amounts are recognized as a liability to the designated organization net of uncollectible pledges and administrative fees upon receipt.

Donated Material and Services – The Organization receives a significant amount of donated services from unpaid volunteers who assist in program services, management, and its fund raising campaigns. However, due to the nature of the estimate, no amounts have been recognized in the statement of activities.

Allocated Expenses – Expenses by function have been allocated among program services, fund distribution, management and general, and fund raising services classifications on the basis of time records and on estimates made by the Organization’s management. The expenses have been summarized on a functional basis in the Statement of Functional Expenses.

Property, Furniture and Equipment – Property, furniture and equipment are stated at cost or at the fair market value on the date of receipt, in the case of in-kind gifts. The Organization capitalizes all expenditures for property and equipment in excess of \$500. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets. Depreciation expense for the years ended June 30, 2020 and 2019 was \$39,014 and \$40,391, respectively. These amounts at June 30, 2020 and 2019 consist of the following:

	2020	2019
Furniture and equipment	\$ 110,867	\$ 443,921
Building	968,385	962,060
	1,079,252	1,405,981
Less accumulated depreciation	956,307	1,244,022
	122,945	161,959
Land	301,423	301,423
	\$ 424,368	\$ 463,382

Note B – Pledges Receivable

The United Way of Central WV, Inc. pledges receivable total \$298,896 and \$297,786 for the years ended June 30, 2020 and 2019, respectively.

United Way of Central West Virginia, Inc.
Notes to Financial Statements (Continued)

**June 30, 2020, with Comparative Totals
as of June 30, 2019**

Note B – Pledges Receivable (Continued)

All current year campaign funds raised during the year ended June 30, 2020 have been recorded as income, net of the estimated allowance for uncollectible pledges. Management provides for probable uncollectible accounts through an adjustment to an allowance account and the pledges revenue based upon an assessment of the current status of individual accounts. Balances, which approximate fair value, at June 30, 2020 were:

Total pledges outstanding	\$317,907
Allowance for uncollectible	<u>(19,011)</u>
Total pledges outstanding	<u>\$298,896</u>

Note C – Accounts Receivable

Accounts receivable for the Organization consist primarily of governmental grants and sponsorship fees. Management feels there is no need for an allowance for uncollectible accounts since they believe the full amount to be collectible. The balance of accounts receivable at June 30, 2020 and 2019 was \$288,133 and \$332,278, respectively.

Note D – Restrictions of Net Assets

Temporarily restricted net assets are available for the following purposes at June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Restricted to distribution in the 6 months ended 12-19 and 12-18	<u>\$400,354</u>	<u>\$421,303</u>
Total temporarily restricted net assets	<u>\$400,354</u>	<u>\$421,303</u>

United Way of Central West Virginia, Inc.
Notes to Financial Statements (Continued)

**June 30, 2020, with Comparative Totals
as of June 30, 2019**

Note E – Investments

Investment activity for the year ended June 30, 2020 is reflected in the table below.

Market value of investments at June 30, 2019	\$836,386
Investment returns:	
Dividends and interest	27,052
Realized gain or (loss)	9,145
Unrealized gain (loss)	3,980
Expenses	<u>(8,480)</u>
Total return on investments	<u>31,697</u>
Market value of investments at June 30, 2020	<u>\$868,083</u>

The breakdown of funds by investment type at June 30, 2020, is as follows:

	<u>Cost Basis</u>	<u>2020 Fair Value</u>	<u>2019 Fair Value</u>
Corporate obligations	\$586,314	\$593,326	\$570,142
Mutual funds and stocks	157,752	186,551	179,769
Money market funds	<u>88,206</u>	<u>88,206</u>	<u>86,475</u>
	<u>\$832,272</u>	<u>\$868,083</u>	<u>\$836,386</u>

All investments are Level 1 investments and are reported on the basis of quoted market prices for identical assets in an active market.

Note F – Concentration of Credit Risk

The Organization receives a majority of its pledges from its annual campaign from the Kanawha Valley. Additionally, the Organization receives funds from federal and state government grants. A material reduction in the level of support from the campaign or the government grants would have a significant impact on the Organization's programs and activities.

Additionally, the Organization holds cash in various accounts in a local bank. The Federal Deposit Insurance Corporation (FDIC) insures accounts to a maximum of \$250,000 per depositor. At June 30, 2020, aggregate amounts in these accounts in excess of the \$250,000 limit may not be insured.

United Way of Central West Virginia, Inc.
Notes to Financial Statements (Continued)

**June 30, 2020, with Comparative Totals
as of June 30, 2019**

Note G – Retirement Plan

The Organization maintains a 403(b) tax advantaged retirement plan for its employees. During the years ended June 30, 2020 and 2019, the Organization matches 75% of employees' contributions up to 4% of wages. Pension expense for the years ended June 30, 2020 and 2019 was \$22,079 and \$11,883, respectively.

Note H – Fundraising and Administrative Expense Ratio

As recommended by the United Way Worldwide, the fundraising and administrative expense ratios were calculated utilizing the gross method, which utilizes gross revenues without any deductions for the allowance for uncollectible pledges or donor pass through pledges. The fundraising and administrative expense ratios for the years ended June 30, 2020 and 2019 were 14.89% and 15.32%, respectively.

Note I – Grant and Program Funds Received in Advance

Grant and program funds received in advance relates to funds received from the various grantor agencies and other program sources in advance of expenditures incurred. The funds are restricted to the intended purpose of the grant or activity. The advance funds at June 30, 2020 and 2019 are as follows:

	<u>2020</u>	<u>2019</u>
Parents as Teachers	\$ -0-	\$ 4,481
Fiscal Agents Fund	-0-	8,688
Vista-Sponsorship and Matching Funds	51,274	55,366
AmeriCorps Matching and Other Grant Funds	317,657	273,464
AHI and Teen Institute	3,551	5,361
EITC	814	44,720
RSVP	10,546	10,312
COVID-19 Relief	87,491	-0-
Contributions – Bertie Cohen	-0-	28,123
Event Sponsorship	-0-	7,001
WV211	-0-	113,352
Other programs	33,861	12,642
	<u>\$505,194</u>	<u>\$563,510</u>

United Way of Central West Virginia, Inc.

Notes to Financial Statements (Continued)

June 30, 2020, with Comparative Totals
as of June 30, 2019

Note J – Assets Transferred to Recipient Organization

The Organization receives contributions as part of its annual campaign that are designated to various agencies. The Organization has no variance power over the funds. The Organization is not entitled to receive any of these funds back once they have been distributed. The total donor choice payments distributed during the years ended June 30, 2020 and 2019 were \$50,580 and \$83,658, respectively. These amounts are not recognized in revenues or expenses in the related statement of activities. Additionally, the Organization raised and reported pledges as part of its annual campaign total that are not recorded as revenues since these contributions are paid directly to designated member agencies instead of passing thru the Organization. For the years ended June 30, 2020 and 2019, these contributions totaled \$40,187 and \$36,537, respectively.

The Organization has a beneficial interest in the United Way Fund held with the Greater Kanawha Valley Foundation. The individual donors granted the Greater Kanawha Valley Foundation variance power. Therefore, based upon the provisions of FASB Statement No. 136, *Transfers of Assets to a Not-for-Profit Organization that Raises or Holds Contributions for Others*, the assets are not recorded in the statement of financial position. The total amounts held in the United Way fund was \$368,856 and \$375,737 for the years ended June 30, 2020 and 2019, respectively. Distributions from the fund totaling \$16,521 and \$16,585 for the years ended June 30, 2020 and 2019 are recorded as revenue in the accompanying statement of activities.

Note K – Liability and Availability of Financial Assets

The following table reflects the Organization's financial assets as of June 30, 2020 and 2019, reduced by amounts not available for general expenditures within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year or because they have been set aside for a specific program.

	<u>2020</u>	<u>2019</u>
Financial Assets:		
Cash	\$454,390	\$ 369,812
Accounts receivable	288,133	332,278
Pledges receivable (net)	298,896	297,786
Investments	<u>868,083</u>	<u>836,386</u>
Financial assets at year-end	1,909,502	1,836,262
Less those unavailable for general expenditures within one year due to:		
Investments held by others inherently not convertible within one year	<u>(125,827)</u>	<u>(53,272)</u>
Financial assets available to meet cash needs for general expenditure within one year	<u>\$1,783,675</u>	<u>\$1,782,990</u>

United Way of Central West Virginia, Inc.

Notes to Financial Statements (Continued)

**June 30, 2020, with Comparative Totals
as of June 30, 2019**

Note L – Paycheck Protection Program Loan

On April 20, 2020, the Organization received loan proceeds in the amount of \$118,900 under the Paycheck Protection Program (“PPP”). Established as part of the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”), the PPP provides for loans to qualifying business in amounts up to 2.5 times the business’s average monthly payroll expenses. PPP loans and accrued interest are forgivable after a “covered period” (eight or 24 weeks) as long as the borrower maintains its payroll levels and uses the loan proceeds for eligible purposes, including payroll, benefits, rent, and utilities. The forgiveness amount will be reduced if the borrower terminates employees or reduces salaries during the covered period. Any unforgiven portion of a PPP loan is payable over two or five years at an interest rate of 1%, with a deferral of payments for 10 months after the end of the covered period. The Organization intends to use PPP loan proceeds for purposes consistent with the PPP and apply for forgiveness within 10 months of the end of the covered period.

To the extent that the Organization is not granted forgiveness, it will be required to pay interest on the PPP loan at a rate of 1% per annum. If the application for forgiveness is not made within 10 months of the end of the covered period, payments of principal and interest will be required through the maturity date to be determined. The terms of the loan provide for customary events of default, including payment defaults, breach of representation of warranties, and insolvency events. The PPP loan may be accelerated upon the occurrence of a default event.

Note M– Date of Management Evaluation

Subsequent events were evaluated through January 15, 2021, which is the date the financial statements were available to be issued and determined that other than Note N related to the outbreak of COVID-19, no other disclosures were required.

Note N – COVID-19

In response to the COVID-19 pandemic, West Virginia Governor Jim Justice ordered the closure of the physical locations of every “non-essential” business on March 24, 2020. In accordance with that order, the Organization cancelled numerous appointments, events and suspended in-person fundraising activities. The impact to the Organization was sudden and included disruption and restrictions to its employees’ ability to work. The pandemic continues to impact the Organization’s ability to obtain contributions and engage volunteers. The future effects of these issues are unknown.

**Independent Auditors' Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards***

To the Board of Directors
United Way of Central West Virginia, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of United Way of Central West Virginia, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 15, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered United Way of Central West Virginia, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of United Way of Central West Virginia, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of United Way of Central West Virginia, Inc.'s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

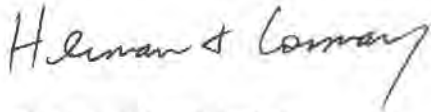
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether United Way of Central West Virginia, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Charleston, West Virginia
January 15, 2021

**Independent Auditors' Report on Compliance for Each Major Program
and on Internal Control Over Compliance Required By The Uniform Guidance**

To the Board of Directors
United Way of Central West Virginia, Inc.

Report on Compliance for Each Major Federal Program

We have audited United Way of Central West Virginia, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of United Way of Central West Virginia, Inc.'s major federal programs for the year ended June 30, 2020. United Way of Central West Virginia, Inc.'s major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of United Way of Central West Virginia, Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about United Way of Central West Virginia, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

To the Board of Directors
United Way of Central West Virginia, Inc.
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We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of United Way of Central West Virginia, Inc.'s compliance.

Opinion on Each Major Federal Program

In our opinion, United Way of Central West Virginia, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

Report on Internal Control over Compliance

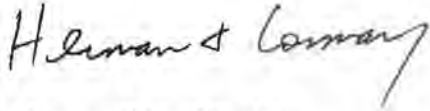
Management of United Way of Central West Virginia, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered United Way of Central West Virginia, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of United Way of Central West Virginia, Inc.'s internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

To the Board of Directors
United Way of Central West Virginia, Inc.
Page three

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Herman & Conway".

Charleston, West Virginia
January 15, 2021

United Way of Central West Virginia, Inc.
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2020

<u>Federal Grantor</u>	<u>CFDA Number</u>	<u>Agency or Pass-Through Number</u>	<u>Federal Expenditures</u>
Corporation for National and Community Service:			
Foster Grandparents Program	94.011	19SFSWV001	\$ 468,125
Foster Grandparents Program	94.011	16SFSWV002	192
Retired Senior Volunteer Program	94.002	17SRWV001	177,472
Vista	94.013	08VSSWV005	155,226
Vista	94.013	20VSSWV002	51,771
			<u>852,786</u>
Passed Through Volunteer West Virginia:			
AmeriCorps	94.006	18AC199290-18ACH	165,253
AmeriCorps	94.006	19AC210618-2	550,494
Total Corporation for National Service			<u>1,568,533</u>
Department of Health and Human Services Passed Thru			
The West Virginia Department of Health and Human Resources			
Maternal and Child Health Services Block Grant	93.994	G200305	67,856
Temporary Assistance for Needy Families	93.558	G200603	24,737
Temporary Assistance for Needy Families	93.558	G190513	12,543
			<u>105,136</u>
Department of Health and Human Services Passed Thru			
The West Virginia Department of Education	93.243	1H79SM061873-5	<u>6,574</u>
Total Federal Financial Assistance			<u>\$1,680,243</u>

United Way of Central West Virginia, Inc.
Notes to Schedule of Expenditures of Federal Awards
For The Year Ended June 30, 2020

Note A – Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of United Way of Central West Virginia, Inc. under programs of the federal government for the year ended June 30, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of United Way of Central West Virginia, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of United Way of Central West Virginia, Inc.

Note B – Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note C – Indirect Cost Rate

Except for the Maternal and Child Health Services Block Grant, United Way of Central West Virginia, Inc. has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

United Way of Central West Virginia, Inc.
Schedule of Findings and Questioned Costs
Year Ended June 30, 2020

Section 1 – Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: unmodified

Internal control over financial reporting:

- Material weakness identified? ___ Yes x No
- Significant deficiencies identified? ___ Yes x None reported
- Noncompliance material to financial statements notes? ___ Yes x No

Federal Awards

Internal control over major programs:

- Material weakness identified? ___ Yes x No
- Significant deficiencies identified? ___ Yes x None reported

Type of auditors' report issued on compliance for major programs: unmodified

Any audit findings disclosed that are required to be reported in accordance 2 CFR Section 200.516(a)? ___ Yes x No

Identification of major programs:

CFDA Number(s)

Name of Federal Program or Cluster

94.006

Americorps

Dollar threshold used to distinguish between type A and type B programs:

\$750,000

Auditee qualified as low-risk auditee?

 x Yes ___ No

United Way of Central West Virginia, Inc.
Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2020

Section II – Financial Statement Findings

None.

Section III – Federal Award Findings and Questioned Costs

None.