

UNITED WAY OF SOUTHEAST ALASKA

**Financial Statements
(with Independent Accountant's Review Report Thereon)**

Years Ended August 31, 2019 and 2018

UNITED WAY OF SOUTHEAST ALASKA

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(with Independent Accountant's Review Report Thereon)**

Years Ended August 31, 2019 and 2018

**PRELIMINARY DRAFT
FOR DISCUSSION PURPOSES ONLY**

UNITED WAY OF SOUTHEAST ALASKA

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Independent Accountant's Review Report

Members of the Board of Directors
United Way of Southeast Alaska
Juneau, Alaska

We have reviewed the accompanying financial statements of United Way of Southeast Alaska (a nonprofit organization), which comprise the statements of financial position as of August 31, 2019 and 2018, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Anchorage, Alaska
Month XX, 2019

UNITED WAY OF SOUTHEAST ALASKA

Statements of Financial Position

August 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Assets:		
Current:		
Cash and cash equivalents	\$ 8,202	14,157
Certificates of deposit	1,906	-
Pledges receivable	95,314	111,090
Contract receivable	-	-
Other receivable	44	3,488
Grant receivable	58,203	29,612
Prepaid expenses	4,125	5,309
Total current assets	<u>167,794</u>	<u>163,656</u>
Non-current:		
Equipment, net of accumulated depreciation of \$7,985 in 2019 and \$7,985 in 2018	<u>-</u>	<u>-</u>
Total assets	<u><u>167,794</u></u>	<u><u>163,656</u></u>
 Liabilities:		
Accounts payable	20,602	11,783
Designations payable	73,746	82,594
Accrued payroll	21,672	33,668
Deferred revenue	29,182	18,365
Total liabilities	<u>145,202</u>	<u>146,410</u>
 Net assets:		
With donor restrictions -		
Literacy Program	19,710	23,890
Disabilities Awareness and Empathy Training	2,513	2,513
Financial Literacy	1,450	1,450
Total net assets with donor restrictions	<u>23,673</u>	<u>27,853</u>
Without donor restrictions -		
Undesignated	<u>(1,081)</u>	<u>(10,607)</u>
Total net assets	<u>22,592</u>	<u>17,246</u>
Total liabilities and net assets	<u>\$ 167,794</u>	<u>163,656</u>

See accompanying notes to financial statements and independent accountant's review report.

UNITED WAY OF SOUTHEAST ALASKA

Statements of Activities

Years ended August 31, 2019 and 2018

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and support:						
SHARE campaign	\$ 69,080	-	69,080	66,682	-	66,682
Private campaign	204,233	-	204,233	198,164	-	198,164
Designations from other united ways	12,825	-	12,825	15,205	-	15,205
Total campaign results	286,138	-	286,138	280,051	-	280,051
Less:						
Donor designations	(124,764)	-	(124,764)	(126,105)	-	(126,105)
Net campaign results	161,374	-	161,374	153,946	-	153,946
Collections of prior year campaign contributions greater than amount anticipated	2,375	-	2,375	(53)	-	(53)
Non-campaign contributions	242,440	-	242,440	119,200	-	119,200
Contract revenue	-	-	-	-	-	-
Miscellaneous income	36,511	-	36,511	10,840	-	10,840
In-kind contributions	-	-	-	4,000	-	4,000
Program tuition	87,968	-	87,968	135,923	-	135,923
Interest income	(96)	-	(96)	265	-	265
Net assets released from restriction	4,180	(4,180)	-	8,453	(8,453)	-
Total revenues and support	534,752	(4,180)	530,572	432,574	(8,453)	424,121
Expenses:						
Program services:						
Fund distributions	11,120	-	11,120	15,026	-	15,026
Community impact	314,220	-	314,220	239,934	-	239,934
Total program services	325,340	-	325,340	254,960	-	254,960
Supporting services:						
Management and general	148,390	-	148,390	144,647	-	144,647
Fundraising	51,496	-	51,496	55,136	-	55,136
Total supporting services	199,886	-	199,886	199,783	-	199,783
Total expenses	525,226	-	525,226	454,743	-	454,743
Change in net assets	9,526	(4,180)	5,346	(22,169)	(8,453)	(30,622)
Net assets at beginning of year	(10,607)	27,853	17,246	11,562	36,306	47,868
Net assets at end of year	\$ (1,081)	23,673	22,592	(10,607)	27,853	17,246

See accompanying notes to financial statements and independent accountant's review report.

UNITED WAY OF SOUTHEAST ALASKA

Statements of Functional Expenses

Years ended August 31, 2019 and 2018

	2019						Total Program and Supporting Services
	Program Services			Supporting Services			
	Fund Distributions	Community Impact	Total	Management and General	Fundraising	Total	
Expenses:							
Salaries and benefits	\$ -	117,513	117,513	70,170	13,110	83,280	200,793
Stipend	-	137,063	137,063	-	-	-	137,063
Payroll taxes	-	2,447	2,447	5,006	1,140	6,146	8,593
Professional fees	11,120	5,893	17,013	17,597	4,440	22,037	39,050
Office rent	-	15	15	17,338	-	17,338	17,353
Telephone and Internet	-	319	319	3,265	-	3,265	3,584
Office supplies	-	3,057	3,057	1,900	175	2,075	5,132
Printing	-	80	80	-	8,779	8,779	8,859
Postage	-	19	19	821	2,958	3,779	3,798
Advertising	-	1,314	1,314	14,807	15,513	30,320	31,634
Fees and licenses	-	778	778	4,657	1,235	5,892	6,670
Bank fees	-	127	127	367	1,505	1,872	1,999
Insurance	-	60	60	2,473	-	2,473	2,533
Events and meetings	-	2,088	2,088	4,736	640	5,376	7,464
Training and development	-	1,220	1,220	340	1,354	1,694	2,914
SE travel	-	8,059	8,059	4,038	102	4,140	12,199
Recognition awards	-	1,236	1,236	875	545	1,420	2,656
Other	-	32,932	32,932	-	-	-	32,932
Total expenses	\$ 11,120	314,220	325,340	148,390	51,496	199,886	525,226

(continued)

See accompanying notes to financial statements and independent accountant's review report.

PRELIMINARY DRAFT
FOR DISCUSSION PURPOSES ONLY

UNITED WAY OF SOUTHEAST ALASKA
Statements of Functional Expenses, continued

	2018						Total Program and Supporting Services
	Program Services			Supporting Services			
	Fund Distributions	Community Impact	Total	Management and General	Fundraising	Total	
Expenses:							
Salaries and benefits	\$ -	79,741	79,741	83,815	17,134	100,949	180,690
Stipend	-	95,550	95,550	-	-	-	95,550
Payroll taxes	-	18,169	18,169	6,664	1,433	8,097	26,266
Professional fees	15,026	6,462	21,488	16,371	6,419	22,790	44,278
Office rent	-	-	-	13,884	110	13,994	13,994
Telephone and Internet	-	1,585	1,585	1,725	115	1,840	3,425
Office supplies	-	2,574	2,574	3,141	48	3,189	5,763
Printing	-	1,618	1,618	95	9,653	9,748	11,366
Postage	-	53	53	399	915	1,314	1,367
Advertising	-	655	655	649	7,485	8,134	8,789
Fees and licenses	-	784	784	4,237	598	4,835	5,619
Bank fees	-	54	54	407	1,605	2,012	2,066
Insurance	-	320	320	2,041	-	2,041	2,361
Events and meetings	-	2,427	2,427	4,205	1,518	5,723	8,150
Training and development	-	1,982	1,982	1,110	3,603	4,713	6,695
SE travel	-	4,612	4,612	1,289	-	1,289	5,901
Technology operations	-	6	6	3,924	-	3,924	3,930
Recognition awards	-	427	427	691	4,500	5,191	5,618
Other	-	22,915	22,915	-	-	-	22,915
Total expenses	\$ 15,026	239,934	254,960	144,647	55,136	199,783	454,743

See accompanying notes to financial statements and independent accountant's review report.

UNITED WAY OF SOUTHEAST ALASKA

Statements of Cash Flows

Years Ended August 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Cash flows from (used) by operating activities:		
Change in net assets	\$ 5,346	(30,622)
Adjustments to reconcile change in net assets to net cash flows provided (used) by operating activities:		
(Increase) decrease in:		
Pledges receivable	15,776	17,443
Contract receivable	-	13,180
Other receivable	3,444	(3,446)
Grants receivable	(28,591)	(29,612)
Prepaid expenses	1,184	(3,330)
Increase (decrease) in:		
Accounts payable	8,819	(4,799)
Designations payable	(8,848)	(39,786)
Accrued payroll	(11,996)	18,358
Deferred revenue	10,817	15,948
Net cash provided (used) by operating activities	<u>(4,049)</u>	<u>(46,666)</u>
Cash flows from (used) by investing activities:		
Purchase of certificate of deposit	<u>(1,906)</u>	<u>36,628</u>
Increase (decrease) in cash and cash equivalents	(5,955)	(10,038)
Cash and cash equivalents at beginning of year	<u>14,157</u>	<u>24,195</u>
Cash and cash equivalents at end of year	\$ <u><u>8,202</u></u>	<u><u>14,157</u></u>
Supplemental disclosures:		
Noncash transactions - In-kind contributions	\$ <u><u>0</u></u>	<u><u>4,000</u></u>

See accompanying not

UNITED WAY OF SOUTHEAST ALASKA

Notes to Financial Statements

August 31, 2019 and 2018

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. General Organization and Purpose

United Way of Southeast Alaska (UWSEAK) was organized for the purpose of assessing on a continuing basis the need for health and social service programs; to seek solutions to human problems; to assist in the development of United Way member agencies; to promote preventive activities; and to foster cooperation among local, state, and national agencies serving the community. In fulfilling these purposes, UWSEAK receives and distributes both private and public pledges in accordance with the donor wishes through two different fundraising campaigns: the private campaign, and SHARE (State of Alaska) Campaign.

The private campaign is administered by United Way of Southeast Alaska who is responsible for managing the fundraising drives, and collecting and disbursing all moneys received from the annual campaigns. The SHARE campaign is administered by United Way of Anchorage but UWSEAK is responsible for disbursing all pledges per the donor's designation.

B. Basis of Accounting

United Way of Southeast Alaska's financial statements are presented on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America and accordingly reflect all significant receivables, payables, and other liabilities.

C. Basis of Presentation

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

UNITED WAY OF SOUTHEAST ALASKA

Notes to Financial Statements, Continued

D. Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, UWSEAK considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents.

E. Certificates of Deposit

UWSEAK classifies certificates of deposit with a maturity of greater than three months from year end as certificates of deposit.

F. Promises to Give and Donor Designations

Contributions from campaigns are recorded as revenue when United Way is notified in writing of an unconditional pledge. Donor designations are recognized as a receivable and a payable at the time the pledge is made to United Way and are not included in net campaign results.

Annual campaigns are predominantly conducted in the fall. The total results from the annual campaign are reduced by promises to give collected on behalf of others (donor designations) and by a provision for amounts promised but not paid (uncollectible promises to give).

Differences between amounts provided for uncollectible promises to give in each campaign and actual losses are an accounting adjustment in the year following the campaign.

G. Prepaid Expenses

Payments made to vendors for services that are applicable to future accounting periods are recorded as prepaid expenses.

H. Equipment

Purchased equipment and software are recorded at cost and are depreciated on the straight-line method using useful lives ranging from 3 to 5 years. Acquisitions in excess of \$5,000 are capitalized.

I. Designations Payable

Designations payable are based on designated amounts pledged during each of the annual campaigns. This is in accordance with the Code of Federal Regulations for the Combined Federal Campaign. Distributions to agencies are made on a quarterly basis, and are paid net of each agency's share of allocable campaign expenses. Combined Federal and Private Campaign expenses are allocated to each agency in proportion to their percentage of designated contributions.

UNITED WAY OF SOUTHEAST ALASKA

Notes to Financial Statements, Continued

SHARE campaign expenses are deducted by United Way of Anchorage before releasing the pledges to United Way of Southeast Alaska for distribution. Designations payable consist of current year end amounts due from the Fall 2019 and 2018 campaign pledges.

J. Deferred Revenue

Deferred revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met.

K. Advertising

United Way expenses advertising costs as they are incurred. At August 31, 2019 and 2018 advertising costs were \$31,634 and \$8,789, respectively.

L. Income Tax Status

United Way funds qualify as tax-exempt organizations under Section 501(c)(3) of the Internal Revenue Code and, therefore, no provision for federal income taxes has been made. UWSEAK has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a) of the Code. Although the Organization is exempt from federal income taxes, any income derived from unrelated business activities is subject to the requirement of filing U.S. Federal Income Tax Form 990-T and a tax liability may be determined on these activities. The Organization's policy is to report interest and penalties associated with uncertain tax positions as interest expense and other expense respectively. Management is not aware of any uncertain tax positions that would require financial statement recognition or disclosure. With few exceptions, the Organization is not subject to audit of its tax returns prior to 2016.

M. Budgets

Budgets are adopted for operations annually and are revised as necessary throughout the year.

N. 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, 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.

O. Fair Value of Financial Instruments

The fair value represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

UNITED WAY OF SOUTHEAST ALASKA

Notes to Financial Statements, Continued

The Organization discloses its estimate of the fair value of material financial instruments, including those recorded as assets or liabilities in its financial statements and derivative financial instruments.

The following financial instruments are recorded at fair value or at amounts that approximate fair value: (1) cash and cash equivalents, (2) certificates of deposit, (3) receivables, net, (4) certain other current assets, (5) accounts payable and (6) other current liabilities. The carrying amounts reported in the statements of financial position for the above financial instruments closely approximates their fair value due to the short-term nature of these assets and liabilities.

P. Donated Goods and Services

Donated services are recognized as contributions in accordance with FASB ASC 958, Accounting for Contributions Received and Contributions Made, if the services (1) create or enhance nonfinancial assets or (2) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. In-kind contributions for space, supplies, and professional services are recorded in the statement of activities at market value and recognized as revenue and expenses in the period they are received, except for donated equipment, which is recorded as revenue in the period received and the asset is depreciated over its estimated useful life.

Q. Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include office rent which is allocated on a square footage basis, as well as salaries and benefits, stipend, payroll taxes, professional fees, telephone and internet, office supplies, printing, postage, advertising, fees and licenses, bank fees, insurance, events and meetings, training and development, travel, technology operations, and recognition awards, which are allocated on the basis of estimates of time and effort.

II. CASH AND CASH EQUIVALENTS

The bank accounts are maintained at three financial institutions. Accounts at each financial institution are insured by the Federal Deposit Insurance Corporation up to \$250,000 per bank. At August 31, 2019 and 2018, UWSEAK had no uninsured and uncollateralized deposits.

UNITED WAY OF SOUTHEAST ALASKA

Notes to Financial Statements, Continued

III. PLEDGES RECEIVABLE

The pledges receivable balance consist of pledges made during the Fall 2018 and 2017 campaigns, less any amounts received from those campaigns prior to August 31, 2019 and 2018, respectively. The amounts due for each campaign are as follows:

		<u>2018</u>	<u>2018</u>
Private Campaign	\$	59,756	77,743
SHARE Campaign		<u>35,558</u>	<u>33,347</u>
Total pledges receivable	\$	<u>95,314</u>	<u>111,090</u>

Management has determined all receivables are fully collectible therefore, no allowance for doubtful accounts has been established.

IV. DONATED GOODS AND SERVICES

UWSEAK recorded in-kind contributions at August 31, 2019 and 2018, respectively, as follows:

		<u>2019</u>	<u>2018</u>
Events	\$	-	-
Recognition Awards		<u>-</u>	<u>4,000</u>
	\$	<u>-</u>	<u>4,000</u>

All in-kind contributions were used to support program services of UWSEAK.

V. EQUIPMENT

Equipment at August 31, 2019 and 2018 consisted of the following:

		<u>2019</u>	<u>2018</u>
Office equipment	\$	7,985	7,985
Less: accumulated depreciation		<u>(7,985)</u>	<u>(7,985)</u>
Net equipment	\$	<u>-</u>	<u>-</u>

Depreciation expense for fiscal years 2019 and 2018 was \$0 in both years.

UNITED WAY OF SOUTHEAST ALASKA

Notes to Financial Statements, Continued

VI. DESIGNATIONS PAYABLE

The designations payable consists of the pass-through portion of pledges received during the fall campaign along with the last quarterly distribution of the previous fall pledges received. These previous fall campaign pledges are payable after August 31, 2019 and 2018, respectively. At August 31, 2019 and 2018, the designations payable balances are as follows:

	<u>2019</u>	<u>2018</u>
Private Campaign	\$ 29,795	35,512
CFC	<u>43,951</u>	<u>47,082</u>
Total agency	\$ <u>73,746</u>	<u>82,594</u>

VII. NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of other events specified by donors or contractors. During the years ended August 31, 2019 and 2018, UWSEAK incurred expenses related to the following grants and contributions as required by the donor or grantor:

	<u>2019</u>	<u>2018</u>
Literacy program	\$ 4180	7,132
Disabilities awareness training	<u>-</u>	<u>1,321</u>
Total	\$ <u>4,180</u>	<u>8,453</u>

IX. DESCRIPTION OF PROGRAM AND SUPPORTING SERVICES

Program Services

Fund Distributions – Includes the processing of designation payments to the designated organizations.

Community Impact – Includes functions necessary to plan and perform the Organization's program services within the community the Organization operates.

Supporting Services

Management and General – Includes the functions necessary to maintain equitable employment; ensure an adequate working environment; provide coordination of the Organization's programs; secure proper administrative functioning of the Board of Directors; and manage the financial and budgetary responsibilities of the Organization.

Fundraising – Provides the structure necessary to encourage and secure private financial support from individuals, foundations and corporations.

UNITED WAY OF SOUTHEAST ALASKA

Notes to Financial Statements, Continued

X. REOCCURRING LOSSES

United Way of Southeast Alaska has sustained operating losses for two consecutive years. Management has addressed this issue through additional funding related to contract revenue.

XI. LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

Cash and cash equivalents	\$	8,202
Pledges receivable		95,314
Other receivable		44
Grant receivable		58,203
Operating investments		1,906
	\$	<u>163,669</u>

Income from donor-restricted grants are restricted for specific purposes. United Way Southeast is a part of the SHARE campaign which is administered by United Way of Anchorage if needed United Way of Anchorage can contribute more to UWSEAK.

XII. RECLASSIFICATION

Certain reclassifications of amounts previously reported have been made to the accompanying consolidated financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets. The reclassifications related to the implementation of FASB issued Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities and adjusted the presentation of net assets.

XIII. SUBSEQUENT EVENTS

Management has evaluated subsequent events through Month XX, 2019, the date which the financial statements were available for issue. No events were identified that would require disclosure in accordance with generally accepted accounting principles.