

TRIDENT UNITED WAY
FINANCIAL REPORT
JUNE 30, 2020 AND 2019

TRIDENT UNITED WAY
FINANCIAL REPORT
JUNE 30, 2020 AND 2019

TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITORS' REPORT	1-2
 FINANCIAL STATEMENTS	
Statements of Financial Position	3-4
Statements of Activities	5-6
Statements of Functional Expenses	7-8
Statements of Cash Flows	9
Notes to Financial Statements	10-25

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Trident United Way
North Charleston, South Carolina

We have audited the accompanying financial statements of Trident United Way, which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years 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 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 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.³ 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 Trident United Way as of June 30, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Accounting Standards Update

As discussed in Note A to the financial statements, for 2020, the Organization adopted a new accounting guidance the Financial Accounting Standards Board issued Accounting Standards Update No. 2018-08, *Not for Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. Our opinion is not modified with respect to this matter.

Subsequent Events

As discussed in Note N to the financial statements, financial impacts related to the COVID-19 outbreak are unknown. Our opinion is not modified with respect to this matter.

DCLPAS, LLC dba Davis & Company CPAs

Mount Pleasant, South Carolina
November 23, 2020

TRIDENT UNITED WAY
STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
ASSETS			
Cash and cash equivalents	\$ 4,457,341	\$ -	\$ 4,457,341
Short term investments	171,383	8,025	179,408
Accounts receivable	120,156		120,156
Contribution receivable (net of allowance of \$791,431)	-	3,040,789	3,040,789
Prepaid expenses	70,036	-	70,036
Land, buildings, and equipment (net of depreciation)	2,083,948	-	2,083,948
Long term investments	8,357,985	753,946	9,111,931
TOTAL ASSETS	\$ 15,260,849	\$ 3,802,760	\$ 19,063,609
LIABILITIES AND NET ASSETS			
LIABILITIES			
Accounts payable	\$ 166,507	\$ 44,500	\$ 211,007
Payroll liabilities	181,000	-	181,000
Deferred compensation	523,200	-	523,200
Campaign designations payable	-	135,865	135,865
Payroll Protection Program SBA Loan	582,216	-	582,216
Total liabilities	1,452,923	180,365	1,633,288
NET ASSETS			
Without donor restrictions			
Undesignated	3,855,967	-	3,855,967
Designated by Board for operating/emergency reserve	2,460,858	-	2,460,858
Designated by Board for endowment	5,008,948	-	5,008,948
Designated by Board for building reserve	398,205	-	398,205
Invested in property and equipment	2,083,948	-	2,083,948
Total without donor restrictions	13,807,926	-	13,807,926
With donor restrictions			
Perpetual in nature	-	467,528	467,528
Purpose restrictions	-	3,154,867	3,154,867
Total with donor restrictions	-	3,622,395	3,622,395
TOTAL NET ASSETS	13,807,926	3,622,395	17,430,321
TOTAL LIABILITIES AND NET ASSETS	\$ 15,260,849	\$ 3,802,760	\$ 19,063,609

See accompanying notes and independent auditors' report.

TRIDENT UNITED WAY
STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
ASSETS			
Cash and cash equivalents	\$ 2,016,769	\$ -	\$ 2,016,769
Short term investments	3,543,922	119,097	3,663,019
Accounts receivable	60,521	-	60,521
Contribution receivable (net of allowance of \$430,274)	-	3,223,177	3,223,177
Prepaid expenses	167,926	-	167,926
Land, buildings, and equipment (net of depreciation)	2,067,285	-	2,067,285
Long term investments	7,532,734	648,879	8,181,613
TOTAL ASSETS	\$ 15,389,157	\$ 3,991,153	\$ 19,380,309
LIABILITIES AND NET ASSETS			
LIABILITIES			
Accounts payable	\$ 453,748	\$ -	\$ 453,748
Payroll liabilities	103,680	-	103,680
Deferred compensation	460,750	-	460,750
Campaign designations payable	-	181,394	181,394
Total liabilities	1,018,178	181,394	1,199,572
NET ASSETS			
Without donor restrictions			
Undesignated	4,194,785	-	4,194,785
Designated by Board for operating/emergency reserve	2,490,537	-	2,490,537
Designated by Board for endowment	5,223,482	-	5,223,482
Designated by Board for building reserve	394,890	-	394,890
Invested in property and equipment	2,067,285	-	2,067,285
Total without donor restrictions	14,370,979	-	14,370,979
With donor restrictions			
Perpetual in nature	-	467,528	467,528
Purpose restrictions	-	3,342,231	3,342,231
Total with donor restrictions	-	3,809,759	3,809,759
TOTAL NET ASSETS	\$ 14,370,979	\$ 3,809,759	\$ 18,180,738
TOTAL LIABILITIES AND NET ASSETS	\$ 15,389,157	\$ 3,991,153	\$ 19,380,310

See accompanying notes and independent auditors' report.

TRIDENT UNITED WAY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
PUBLIC SUPPORT AND REVENUE			
Contribution revenue			
Campaign contributions	\$ 405,972	\$ 6,572,570	\$ 6,978,542
Less donor designations	(405,972)	(429,573)	(835,545)
Less provision for uncollectible	-	(1,007,245)	(1,007,245)
Payments from previously closed campaigns	-	152,909	152,909
Tri-County COVID-19 Response Fund	461,894	-	461,894
Other contributions	409,858	101,416	511,274
Net contribution revenue	871,752	5,390,077	6,261,829
Program service fees	34,006		34,006
Donor designation fees	29,056		29,056
Rental income	245,632		245,632
Other income	17,195		17,195
Investment income (net of fees \$74,644)	378,106	40,570	418,676
Net assets released from restrictions	5,618,011	(5,618,011)	-
TOTAL PUBLIC SUPPORT AND REVENUE	\$ 7,193,758	\$ (187,364)	\$ 7,006,394
EXPENSES			
Program services			
Community Impact	\$ 2,122,847	\$ -	\$ 2,122,847
Health	355,243	-	355,243
Education	676,309	-	676,309
Financial Stability	1,548,690	-	1,548,690
Connecting the Community	795,670	-	795,670
Total program services	5,498,759	-	5,498,759
Supporting services			
General and administrative	484,155	-	484,155
Building expenses	264,731	-	264,731
Fundraising	1,509,166	-	1,509,166
Total support services	2,258,052	-	2,258,052
TOTAL EXPENSES	7,756,811	-	7,756,811
INCREASE (DECREASE) IN NET ASSETS	(563,053)	(187,364)	(750,417)
Net Assets at Beginning of Year	14,370,979	3,809,759	18,180,738
NET ASSETS AT END OF YEAR	\$ 13,807,926	\$ 3,622,395	\$ 17,430,321

See accompanying notes and independent auditors' report.

**TRIDENT UNITED WAY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
PUBLIC SUPPORT AND REVENUE			
Contribution revenue			
Campaign contributions	\$ 331,860	\$ 6,760,893	\$ 7,092,753
Less donor designations	(331,860)	(793,990)	(1,125,850)
Less provision for uncollectible	-	(1,097,377)	(1,097,377)
Payments from previously closed campaigns	-	-	-
Tri-County COVID-19 Response Fund	-	-	-
Other contributions	285,312	90,000	375,312
Net contribution revenue	<u>285,312</u>	<u>4,959,525</u>	<u>5,244,838</u>
Program service fees	49,617	-	49,617
Donor designation fees	59,009	-	59,009
Rental income	253,576	-	253,576
Other income	10,850	-	10,850
Investment income (net of fees \$75,947)	776,285	46,030	822,314
Net assets released from restrictions	5,770,851	(5,770,851)	-
TOTAL PUBLIC SUPPORT AND REVENUE	<u>\$ 7,205,500</u>	<u>\$ (765,295)</u>	<u>\$ 6,440,205</u>
EXPENSES			
Program services			
Community Impact	\$ 778,452	\$ -	\$ 778,452
Health	1,191,283	-	1,191,283
Education	1,664,632	-	1,664,632
Financial Stability	1,512,562	-	1,512,562
Connecting the Community	825,647	-	825,647
Total program services	<u>5,972,576</u>	<u>-</u>	<u>5,972,576</u>
Supporting services			
General and administrative	415,318	-	415,318
Building expenses	232,716	-	232,716
Fundraising	1,454,328	-	1,454,328
Total support services	<u>2,102,362</u>	<u>-</u>	<u>2,102,362</u>
TOTAL EXPENSES	<u>8,074,938</u>	<u>-</u>	<u>8,074,938</u>
INCREASE (DECREASE) IN NET ASSETS	(869,438)	(765,295)	(1,634,734)
Net Assets at Beginning of Year	15,240,418	4,575,054	19,815,472
NET ASSETS AT END OF YEAR	<u>\$ 14,370,979</u>	<u>\$ 3,809,759</u>	<u>\$ 18,180,738</u>

See accompanying notes and independent auditors' report.

TRIDENT UNITED WAY
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2020

	Program Services						Supporting Services						
	Community Impact	Health	Education	Financial Stability	Connecting the Community	Total Programs	General and Admin	Building	Total Admin	Fundraising	Total Support	Total Expenses	
Expenses													
Partner agency													
grant allocations	\$ 1,384,322	\$ -	\$ 450,000	\$ 50,000	\$ -	\$ 1,884,322	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,884,322	
Salaries & Benefits	578,650	240,179	146,598	625,203	409,879	2,000,509	323,520	91,861	415,381	1,092,921	1,508,302	3,508,811	
Professional and													
contract services	44,005	45,347	33,920	95,391	230,221	448,884	70,965	8,199	79,164	92,702	171,866	620,750	
Other agency grants	10,000	-	-	557,804	-	567,804	1,209	-	1,209	-	1,209	569,013	
Occupancy	18,265	8,237	8,465	52,755	14,497	102,219	13,029	82,557	95,586	40,237	135,823	238,042	
Meetings and													
conferences	7,825	19,925	2,277	15,910	2,146	48,083	16,140	-	16,140	47,709	63,849	111,932	
Depreciation	24,264	9,454	9,777	39,001	15,897	98,393	9,074	56,674	65,748	43,160	108,908	207,301	
Dues, subscriptions													
and publications	29,758	13,210	13,319	38,234	24,069	118,590	17,135	4,035	21,170	59,392	80,562	199,152	
Advertising	5	-	-	6,852	45,356	52,213	1,798	-	1,798	33,062	34,860	87,073	
Postage and printing	9,761	4,803	4,438	18,161	27,689	64,852	1,823	1,379	3,202	56,990	60,192	125,044	
Supplies	1,443	2,810	768	25,226	9,543	39,790	21,046	1,947	22,993	12,814	35,807	75,597	
Travel	4,852	7,053	1,627	10,759	2,411	26,702	3,325	88	3,413	10,808	14,221	40,923	
Insurance	5,948	2,621	2,711	7,991	4,407	23,678	1,243	17,239	18,482	11,965	30,447	54,125	
Miscellaneous	-	-	750	-	5,227	5,977	1,232	-	1,232	37	1,269	7,246	
Bank service charges	3,641	1,604	1,659	4,892	2,698	14,494	2,409	516	2,925	7,350	10,275	24,769	
Equipment	108	-	-	511	1,630	2,249	207	236	443	19	462	2,711	
Total Expenses	\$ 2,122,847	\$ 355,243	\$ 676,309	\$ 1,548,690	\$ 795,670	\$ 5,498,759	\$ 484,155	\$ 264,731	\$ 748,886	\$ 1,509,166	\$ 2,258,052	\$ 7,756,811	

See accompanying notes and independent auditors' report.

TRIDENT UNITED WAY
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2019

	Program Services						Supporting Services						
	Community Impact	Health	Education	Financial Stability	Connecting the Community	Total Programs	General and Admin	Building	Total Admin	Fundraising	Total Support	Total Expenses	
Expenses													
Partner agency													
grant allocations	\$ 51,653	\$ 966,975	\$ 1,443,399	\$ 621,746	\$ (143)	\$ 3,083,630	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,083,630
Salaries & Benefits	517,369	161,723	97,973	643,911	387,028	1,808,005	266,515	37,642	304,157	976,605	1,280,762	3,088,767	
Professional and													
contract services	94,946	11,175	89,873	63,814	303,621	563,428	39,616	20,039	59,656	129,214	188,870	752,298	
Other agency grants	100	-	-	30,599	50	30,749	2,050		2,050	50	2,100	32,849	
Occupancy	24,321	6,231	8,618	37,553	14,311	91,034	12,377	93,295	105,672	39,421	145,093	236,127	
Meetings and													
conferences	19,308	11,233	989	15,623	5,422	52,575	55,008	-	55,008	98,873	153,881	206,456	
Depreciation	19,214	4,713	6,454	25,509	10,608	66,498	6,947	71,384	78,331	27,696	106,027	172,525	
Dues, subscriptions													
and publications	20,619	6,172	8,421	24,101	14,163	73,476	12,807	-	12,807	36,930	49,738	123,213	
Advertising	1,989	454	373	3,379	26,493	32,689	5,000	-	5,000	58,431	63,431	96,120	
Postage and printing	9,817	14,194	3,669	10,841	41,831	80,352	3,280	56	3,336	39,354	42,690	123,042	
Supplies	5,766	4,784	1,779	11,854	11,656	35,839	1,584	2,475	4,059	13,333	17,391	53,231	
Travel	5,789	1,382	4	14,816	5,213	27,203	4,512	-	4,512	18,468	22,980	50,184	
Insurance	6,438	1,919	2,629	7,525	4,326	22,837	1,747	6,943	8,689	11,304	19,993	42,831	
Miscellaneous	18	-	-	-	51	69	-	-	-	54	54	122	
Bank service charges	1,104	329	451	1,290	742	3,915	3,560	-	3,560	4,550	8,111	12,026	
Equipment	-	-	-	-	276	276	315	882	1,197	44	1,240	1,516	
Total Expenses	\$ 778,452	\$ 1,191,283	\$ 1,664,632	\$ 1,512,562	\$ 825,647	\$ 5,972,576	\$ 415,318	\$ 232,716	\$ 648,034	\$ 1,454,328	\$ 2,102,362	\$ 8,074,938	

See accompanying notes and independent auditors' report.

TRIDENT UNITED WAY
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$ (750,417)	\$ (1,634,734)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used for) operating activities:		
Depreciation	207,301	172,525
Realized/unrealized (gain) loss on assets	(418,676)	(822,314)
Cash restricted by donors or time	179,730	158,944
Provision for uncollectible contributions receivable	1,007,245	1,097,377
(Increase) decrease in operating assets		
Accounts receivable	59,635	26,252
Contributions receivable		
Trident United Way Campaign	(824,857)	(483,485)
Other contributions receivable	-	76,714
Prepaid expenses	97,890	(57,162)
Increase (decrease) in operating liabilities		
Accounts payable	(242,742)	400,386
Payroll liabilities	77,320	(20,900)
Deferred compensation	62,449	65,198
Campaign designations payable	(45,528)	(107,461)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ (590,650)</u>	<u>(1,128,659)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Leasehold improvements, equipment and software purchase	(514,772)	(477,071)
Sale/purchase of investments, net	2,963,779	404,767
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>2,449,007</u>	<u>(72,304)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from paycheck Protection Program SBA Loan	582,216	-
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	<u>582,216</u>	<u>-</u>
 NET INCREASE (DECREASE) IN CASH	 2,440,572	 (1,200,964)
 CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	 <u>2,016,769</u>	 <u>3,217,733</u>
 CASH AND CASH EQUIVALENTS AT END OF YEAR	 <u><u>\$ 4,457,341</u></u>	 <u><u>\$ 2,016,769</u></u>

See accompanying notes and independent auditors' report.

TRIDENT UNITED WAY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Trident United Way (the Organization) is a catalyst for measurable community transformation through collective impact in education, financial stability and health. The Organization is committed to applying the collective impact discipline by bringing together various stakeholders, individuals and organizations, to create long-lasting social change. Trident United Way's vision is to create positive, sustainable system change designed to help keep students on track to graduate, to help families achieve financial stability and to help citizens gain tools to live healthy lives.

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues and expenses during the reporting period and the reported amounts of assets and liabilities at the date of the financial statements. On an ongoing basis, the organization's management evaluates the estimates and assumptions based on historical experience and various other factors and circumstances. The organization's management believes that the estimates and assumptions are reasonable in the circumstances; however, the actual results could differ from those estimates.

Net Assets

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

Net Assets Without Donor Restrictions: Net assets without donor restrictions are available for use in general operations and not subject to donor restrictions. The Board of Directors has designated, from net assets without donor restrictions, net assets for operating/emergency reserve, board-designated endowment, and building reserve. See the statement of financial position for more information on the composition of net assets without donor restrictions.

Net Assets With Donor Restrictions: Certain 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 donors. Other donor-imposed restrictions are perpetual on nature, where the donor stipulates that resources be maintained in perpetuity. 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. See Note H for more information on the composition of net assets with donor restrictions.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents. Cash equivalents include money market funds and certificates of deposit valued equally with cash.

Investments

The Organization accounts for investments in accordance with FASB ASC 958-320 and subsections. This standard requires that investments in equity securities with readily determinable fair values and all investments

TRIDENT UNITED WAY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Investments – Continued

in debt securities be measured at fair value in the statements of financial position. Fair value of marketable equity and debt securities is based on quoted market prices.

The Organization records investment purchases at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statements of financial position. Net investment return/(loss) is reported in the statements of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct investment expenses.

Investments are exposed to various risks such as significant world events, interest rate, credit, and overall market volatility risks. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the fair value of investments will occur in the near term and that such changes could materially affect the amounts reported in the statements of financial position.

Endowment and Long-term Investments

Endowment investments consist of investments purchased with the following resources:

- Donor-restricted perpetual endowments, which are contributions restricted by donors to investment in perpetuity with only investment income and appreciation being used to support the organization's activities.
- Donor-restricted term endowments, which are contributions restricted by donors to investment for the term specified by the donor. During that term, the donor may either require investment income and appreciation to be reinvested in the fund or may permit the organization to spend those amounts in accordance with the donors' restrictions on use.
- Board-designated endowments, which are resources set aside by the Board of Directors for an indeterminate period to operate in a manner similar to a donor-restricted perpetual endowment. Because a board-designated endowment results from an internal designation, it can be spent upon the action of the Board of Directors.

Endowment investments also include investments purchased with unspent investment income and net gains on these resources. Other long-term investments are held under split-interest agreements with donors.

Endowment investments are reported at fair value with changes to fair value reported as investment return in the statement of activities. Purchases and sales of investments are reported on the trade date.

The organization's endowment funds consist of donor-restricted endowments and funds designated by the board.

Income from donor-restricted endowments is restricted for specific purposes, except for the amounts available for general use. Donor-restricted endowment funds are not available for general expenditure.

The board-designated operating/emergency reserve of \$2,460,858 is available in the case of economic downturns or natural disasters so the organization may maintain or expand services in times of great need. The board may also use these funds for one-time investment in capital, equipment, or technology beyond what could be funded through the annual campaign.

The board-designated endowment of \$5,008,948 is to provide long-term support of the fundraising and administrative functions for Trident United Way through an established five percent per year distribution.

TRIDENT UNITED WAY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Endowment and Long-term Investments - Continued

Although it is not the intention to spend beyond the annual distribution, these amounts could be made available if necessary.

The board-designated building reserve of \$398,205 is to provide for major repairs and improvements to the organization-owned properties.

Accounts Receivable

Management considers all accounts receivable to be fully collectible based on experience. Accordingly, no allowance has been established for these accounts.

Public Support and Contributions Receivable

Annual campaigns are conducted to raise support for operations and allocations to participating agencies. Contributions received are recorded with donor restrictions or without donor restrictions depending on the existence or nature of any donor restrictions.

Contributions are recorded when the agency is notified of the pledge, and allowances are provided for amounts estimated to be uncollectible. Bequests are recorded as income at the time the agency has an established right to the bequest and the proceeds are measurable. An allowance for doubtful accounts is recorded based on management's historical collection information of trends and adjusted accordingly.

Accounting for Contributions

Trident United Way conducts annual fundraising campaigns in cooperation with many individuals and local employers. Contributions, including pledges and other unconditional promises to give, are recognized as revenue in the year the pledge is received. All contributions are reported as increases in net assets without donor restrictions unless use of the contributed assets is specifically restricted by the donor. Amounts that are restricted by the donor to use in future periods or for specific purposes are reported as increases in net assets with donor restrictions. Unconditional promises with payments due in future years have an implied restriction to be used in the year the payment is due, and therefore are reported as restricted until the payment is due, unless the contribution is clearly intended to support activities of the current fiscal year. Conditional promises, such as matching grants, are not recognized until they become unconditional, that is, until all conditions on which they depend are substantially met. It is the Organization's policy to record restricted contributions received and released in the same year as contributions without donor restrictions.

The Organization allows donors to designate their contributions to any agency qualified to receive charitable contributions. Donor-designated contributions are reflected in gross campaign results and deducts them from revenue on the statement of activities. Designations are paid when the pledge payment is collected.

The adoption of Financial Accounting Standards Board (FASB) Accounting Standards Update No. 2018-08, Clarifying the Scope and the Accounting Guidance for Contributions Received and Distributions Made, provides enhanced guidance to assist entities in determining whether transactions should be accounted for as contributions (nonreciprocal transactions) or as an exchange (reciprocal transactions). The adoption of this standard results in the Organization's grant and contract income benefiting the community and reported as *other contributions* on the statement of activities.

**TRIDENT UNITED WAY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Prepaid Expenses

Expenses are recognized by the Organization on an accrual basis. Expenses paid in advance and not yet incurred are recorded as prepaid until the applicable period. Prepaid and other assets are primarily prepaid annual dues to United Way Worldwide and United Way Association of South Carolina, as well as prepaid service contracts and insurance.

Expense Recognition and Allocation

The cost of providing the organization's programs and other activities is summarized on a functional basis in the statement of activities and statement of functional expense. Expenses that can be identified with a specific program or support service are charged directly to that program or support service.

Costs common to multiple functions have been allocated among the various functions benefited using a reasonable allocation method that is consistently applied as follows:

- Salaries and wages, benefits and payroll taxes are allocated based on activity reports.
- Occupancy, telephone and internet services, insurance, supplies, depreciation, and other miscellaneous expenses are allocated based on the salary allocation and headcount for each program and supporting activity.

Every year, or more often when new space or programs are added, the basis on which costs are allocated are evaluated. General and administrative expenses include these costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of the organization. Fundraising costs are expensed as incurred, even though they may result in contributions received in future years.

Compensated Absences

Employees of the Organization working at least 30 hours per week, are entitled to a minimum of 10 and maximum of 20 paid vacation days based on a years of service model. When an employee with at least 90 days of service leaves the organization, unused vacation is paid out at the hourly equivalent of the current pay rate. Employees are allowed to accumulate unused vacation time up to a maximum of 30 days (225 hours). Therefore, a liability is recorded at the end of the fiscal year for the total amount of vacation unused at that time. As of June 30, 2020 and 2019 the accrued vacation liability was \$140,854 and \$103,680, respectively.

Income Tax Status

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC) and comparable state law as a charitable organization whereby only unrelated business income, as defined by Section 509(a)(1) of the Code is subject to federal income tax.

The Financial Accounting Standards Board issued guidance on accounting for uncertainty in income taxes. Management evaluated the Organization's tax positions and concluded that the Organization had maintained its tax-exempt status and had taken no uncertain tax positions that require adjustment to the financial statements. Therefore, no provision or liability for income taxes has been included in the financial statements. The Organization could be subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

TRIDENT UNITED WAY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Fair Value of Financial Instrument

Accounting Standards Codification (ASC) 820, *Fair Value Measurements and Disclosures* defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles, and expands disclosures about fair value measurements. ASC 820 is effective for the Organization's financial assets and liabilities for the years ended June 30, 2020 and 2019. The estimated fair value amounts for specific groups of financial instruments are presented within the footnotes. Cash, accounts receivable, unconditional promises to give, accounts payable and accrued expenses are stated at cost, which approximates fair value, due to their short term to maturity.

Land, Buildings, and Equipment

Land, buildings, and equipment purchased are recorded at cost. The Organization capitalizes all expenditures for property and equipment in excess of \$1,000 with a useful life greater than one year. Improvements or betterments of a permanent nature are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred. The costs of assets retired or otherwise disposed of, and the related accumulated depreciation, are eliminated from the accounts in the year of disposal. Gains or losses resulting from property disposals are credited or charged to operations currently. Land, buildings, and equipment are depreciated using the straight-line method over the estimated useful lives of the assets, from 3 to 40 years. Construction in progress is stated at cost and depreciated when put into use. During the fiscal year ending June 30, 2020, there was no construction in progress and for the fiscal year ending June 30, 2019 the construction in progress pertained to a new roof and elevator modernization.

Donated Services

A substantial number of volunteers have donated significant amounts of time to the Organization's program services and to its fund-raising campaigns. No amounts have been recognized in the statements of activities since time contributed by Organization volunteers does not fall into the criteria established by GAAP.

Classification of Transactions

All revenues and net gains are reported as increases in net assets without donor restrictions in the statement of activities unless the donor specified the use of the related resources for a particular purpose or in a future period. All expenses and net losses other than losses on endowment investments are reported as decreases in net assets without donor restrictions. Net gains on endowment investments increase net assets with donor restrictions, and net losses on endowment investments reduce that net asset class.

New Accounting Pronouncement

In June 2018, the FASB, issued Accounting Standards Updated (ASU) No. 2018-08, Clarifying the Scope and the Accounting Guidance for Contributions received and Contributions Made (Topic 958). The amendments in the ASU clarify and improve current guidance about whether a transfer of assets (or the reduction, settlement, or cancellation of liabilities) is a contribution or exchange transaction. The ASU also clarifies how an entity determines whether a resource provider is participating in an exchange transaction by evaluating whether the resource provider is receiving commensurate value in return for the resources transferred. The amendments in this SU also require that an entity determine whether a contribution is conditional on the basis of whether an agreement includes a barrier that must be overcome and either a right of return of assets transferred or a right of release of a promisor's obligation to transfer of assets. The Organization adopted the new standard effective July 1, 2019, the first day of the Organization's fiscal year, using the modified prospective basis. Analysis of various provisions of this standard resulted in no significant changes in the way the Organization recognizes contributions.

TRIDENT UNITED WAY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Reclassifications

Certain accounts in 2019 financial statements have been reclassified to conform with the current year financial statement presentation.

NOTE B - LIQUIDITY AND AVAILABILITY OF RESOURCES

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of June 30, 2020 and 2019 are as follows:

	2020	2019
Cash	\$ 4,457,341	\$ 2,016,769
Short term investments	179,408	3,663,019
Cash and cash equivalents	4,636,749	5,679,788
Accounts receivable	120,156	60,521
Investments	9,111,931	8,181,613
Total financial assets	13,868,836	13,921,922
Less financial assets held to meet donor-imposed restrictions:		
Trident United Way Campaign	(2,822,910)	(3,010,425)
Other	(331,957)	(331,806)
In perpetuity	(467,528)	(467,528)
Less board-designated funds:		
Operating/emergency reserve	(2,460,858)	(2,490,537)
Endowment	(5,008,948)	(5,223,482)
Building reserve	(398,205)	(394,890)
Total financial assets with restrictions	(11,490,406)	(11,918,668)
Amount available for general expenditures within one year	\$ 2,378,430	\$ 2,003,254

The above table reflects donor-restricted and board-designated funds as unavailable because it is the organization's intention to invest those resources for the long-term support of the organization. However, in the case of need, the Board of Directors could appropriate resources from the operating/emergency reserve \$2,460,858, designated endowment \$5,008,948, or building reserve \$398,205.

NOTE C – INVESTMENTS

As of June 30, 2020 long and short term investments consist of net assets with donor restrictions and without donor restrictions managed by Morgan Stanley Smith Barney LLC, including a stock gift account. As of June 30, 2019, long term assets with donor restrictions and without donor restrictions were managed by Bank of America N.A. The Organization issued a request proposal for a new investment firm during fiscal year 2019-2020. Graystone Consulting, a subsidiary of Morgan Stanley, was selected as the new investment firm. The investment transfer process began in March 2020 and was nearly complete by June 30, 2020.

TRIDENT UNITED WAY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

NOTE C – INVESTMENTS – Continued

As of June 30, 2019 short term investments consisted of assets without donor restriction managed by Schwab Investment Advisors. In October 2019, Trident United Way sold the assets held in Schwab Investment Advisors account and deposited the funds into the operational cash account. All investments are stated at fair value. Investments comprise the following as of June 30:

	As of June 30, 2020		As of June 30, 2019	
	FMV	Cost	FMV	Cost
Certificates of deposit	\$ -	\$ -	\$ 2,012,320	\$ 2,012,320
Money market fund	139,801	139,801	1,641,880	1,632,139
Fixed income	511,189	446,853	605,850	583,713
Mutual funds – corporate bonds	2,386,742	2,175,321	1,935,637	1,905,570
Securities and security portfolios	6,253,607	5,539,666	5,648,945	4,061,091
Total investments	<u>\$ 9,291,339</u>	<u>\$ 8,301,641</u>	<u>\$ 11,844,632</u>	<u>\$ 10,194,833</u>

Maturities for the above listed investments are listed below:

	As of June 30, 2020	As of June 30, 2019
<u>Maturity Range in Years</u>		
3 months - 1 year	\$ 179,408	\$ 1,847,350
1 - 5 years	208,351	443,610
5-10 years	124,467	868,803
10 years and beyond	141,686	1,100,287
Mutual Funds – corporate bonds	2,386,742	1,935,637
Securities and security portfolios	6,250,685	5,648,945
Total investments	<u>\$ 9,291,339</u>	<u>\$ 11,844,632</u>

NOTE D – CONTRIBUTIONS RECEIVABLE

Contributions receivable have not been discounted for the Trident United Way as the campaign runs for one year. Total unconditional promises to give consist of the following as of June 30:

	Trident United Way Campaign	
	2020	2019
Beginning balance	\$ 3,223,177	\$ 3,837,069
Commitments made	4,433,411	3,638,265
Payments made	(3,824,368)	(3,821,883)
Balance before allowance	3,832,220	3,653,451
Allowance for uncollectible	(791,431)	(430,274)
Ending balance	<u>\$ 3,040,789</u>	<u>\$ 3,223,177</u>

TRIDENT UNITED WAY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

NOTE D – CONTRIBUTIONS RECEIVABLE – Continued

	Other Contributions Receivable	
	2020	2019
Beginning balance	\$ -	\$ 76,714
Commitments made	-	-
Payments made	-	(18,500)
Pledges written off	-	(58,214)
Ending balance	<u>\$ -</u>	<u>\$ -</u>

An allowance for doubtful accounts is maintained based on management's internal reserve policies. Management's estimate of uncollectible pledges was 12% and 6% for the years ended June 30, 2020 and 2019, respectively.

NOTE E – FAIR VALUE MEASUREMENTS AND DISCLOSURES

Financial Accounting Standards Board (FASB) guidance establishes a fair-value hierarchy that distinguishes between assumptions based on market data (observable inputs) and the Organization's assumptions (unobservable inputs). Determining where an asset or liability falls in that hierarchy depends on the lowest-level input that is significant to the fair-value measurement as a whole.

FASB ASC 820, *Fair Value Measurements and Disclosures* establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value and maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the observable inputs be used when available.

The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). Trident United Way held no financial instruments that were valued using Level 3 measurements as of June 30, 2020 or 2019.

The three levels of fair value hierarchy under FASB ASC 820 are described as follows:

Level 1 Inputs: Valuation based on quoted prices in active markets for identical assets or liabilities that a reporting entity can access at the measurements date and where transactions occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 Inputs: Valuation based on inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, that is markets in which there are few transactions, prices are not current, or prices vary substantially over time.

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

TRIDENT UNITED WAY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

NOTE E – FAIR VALUE MEASUREMENTS AND DISCLOSURES – Continued

At June 30, 2020 and 2019, the Organization's investments were classified within Level 1 or 2 of the hierarchy.

The following is a description of the valuation methodologies used for assets and liabilities measured at fair value, as well as the general classification pursuant to the valuation hierarchy. There have been no changes in the valuation methodologies used as of June 30, 2020 and 2019.

Certificates of deposit: Valued at fair value discounting the related cash flows based on current yields of similar instruments with comparable durations considering the creditworthiness of the issuer.

Money market funds: Valued at amortized cost which approximate fair value.

Bonds: Valued at the closing price reported in the active market in which the bond is traded or based on yields currently available on comparable securities of issuers with similar credit ratings.

Mutual funds: Valued using the Net Asset Value (NAV) based on the underlying assets owned by the fund, minus its liabilities, and then divided by the number of shares outstanding. The NAV is a quoted price in an active market.

Equities: Valued at the closing price reported in the active market in which the individual securities are traded.

The preceding methods described may produce a fair value calculation that may not be indicative net realizable value or reflective of future fair values. Furthermore, although the organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following tables set forth by level, within the fair value hierarchy, the organization's assets at fair value at June 30, 2020 and 2019:

Description	June 30, 2020			
	Level 1	Level 2	Level 3	Total
Money market funds	\$ 139,801	\$ -	\$ -	\$ 139,801
Bonds	-	511,189	-	511,189
Mutual funds - corporate bonds	2,386,742	-	-	2,386,742
Securities and security portfolios	6,253,607	-	-	6,253,607
Total assets at fair value	\$ 8,780,151	\$ 511,189	\$ -	\$ 9,291,339

Description	June 30, 2019			
	Level 1	Level 2	Level 3	Total
Certificates of deposit	\$ -	\$ 2,012,321	\$ -	\$ 2,012,321
Money market funds	1,641,880	-	-	1,641,880
Bonds	-	605,850	-	605,850
Mutual funds - corporate bonds	1,935,637	-	-	1,935,637
Securities and security portfolios	5,648,944	-	-	5,648,944
Total assets at fair value	\$ 9,226,461	\$ 2,618,171	\$ -	\$ 11,844,632

TRIDENT UNITED WAY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

NOTE E – FAIR VALUE MEASUREMENTS AND DISCLOSURES – Continued

There were no significant transfers between the levels during the year, although some investments moved into level 2 when the markets for them became less active. The organization's policy is to recognize transfers in and out of the levels at the end of the fiscal year; interim changes in the availability of fair value inputs are not recognized. At June 30, 2020, the organization does not have any investments measured using level 3 inputs.

NOTE F - LAND, BUILDINGS AND EQUIPMENT

Land, buildings and equipment for the years ended June 30, 2020 and 2019 consist of the following:

	Beginning Balance July 1, 2019	Additions	Dispositions	Ending Balance June 30, 2020
Building and improvements	\$ 2,535,330	\$ 471,756	\$ -	\$ 3,007,086
Equipment	318,751	43,016		361,767
Total depreciable assets	2,854,081	514,772	-	3,368,853
Less accumulated depreciation	(1,567,604)	(207,301)		(1,774,905)
Net depreciable assets	1,286,477	307,471	-	1,593,948
Land	490,000	-	-	490,000
Construction in progress	290,808		(290,808)	-
Total land, buildings, and equipment	<u>\$ 2,067,285</u>	<u>\$ 307,471</u>	<u>\$ (290,808)</u>	<u>\$ 2,083,948</u>

	Beginning Balance July 1, 2018	Additions	Dispositions	Ending Balance June 30, 2019
Building and improvements	\$ 2,485,190	\$ 156,402	\$ (106,262)	\$ 2,535,330
Equipment	266,707	56,704	(4,660)	318,751
Total depreciable assets	2,751,897	213,106	(110,922)	2,854,081
Less accumulated depreciation	(1,479,158)	(171,944)	83,498	(1,567,604)
Net depreciable assets	1,272,739	41,162	(27,424)	1,286,477
Land	490,000	-	-	490,000
Construction in progress	-	290,808	-	290,808
Total land, buildings, and equipment	<u>\$ 1,762,739</u>	<u>\$ 331,970</u>	<u>\$ (27,424)</u>	<u>\$ 2,067,285</u>

Purchased property and equipment are recorded at cost. Donated property and equipment are recorded at the approximate fair value at the date of donation. Expenditures for major additions and improvements, generally in excess of \$1,000, are capitalized and minor replacements, maintenance and repairs are charged to expense as incurred. When property and equipment are retired or otherwise disposed of, the cost and accumulated depreciation are removed from the accounts and any resulting gain or loss is included in the results of the operations for the respective period. Depreciation is computed by the straight-line method, over the estimated useful lives of the assets. Assets are depreciated over 3 to 40 years. Construction in progress was completed during the fiscal year ending June 30, 2020.

NOTE G – ACCOUNTING FOR ENDOWMENTS

The organization's endowment consists of funds established either by donors (referred to as donor-restricted endowment funds) and or by resources set aside by the Board of Directors to function as endowments (referred to as board-designated endowment funds). Donor-restricted endowment funds are further divided into those that provide a perpetual source of support for the organization's activities (referred to as perpetual endowments) and those that are restricted by donors to investment for a specific term (referred to as term endowments).

TRIDENT UNITED WAY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

NOTE G – ACCOUNTING FOR ENDOWMENTS – Continued

As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The state of South Carolina enacted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) effective July 1, 2008. UPMIFA establishes law for the management and investment of donor-restricted endowment funds. Donor-restricted endowment funds are subject to a time restriction imposed by UPMIFA until amounts are appropriated for expenditure by the organization.

UPMIFA permits the organization to appropriate for expenditure or accumulate so much of a donor-restricted endowment fund as it determines is prudent for the uses, benefits, purposes, and duration for which the endowment fund is established. In making its determination to appropriate or accumulate, the organization must act in good faith, with the care that an ordinary prudent person in a like position would exercise under similar circumstances, and it must consider, if relevant, the following factors:

- The duration and preservation of the endowment fund
- The purposes of the organization and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from the income and appreciation of investments
- Other resources of the organization
- The investment policy of the organization

The net asset composition for the endowment as of June 30, 2020 and 2019, are as follows:

2020			
	<i>Without Donor Restrictions</i>	<i>With Donor Restrictions</i>	<i>Total</i>
Type of Endowment Fund:			
Donor-restricted funds			
Perpetual endowment	\$ -	\$ 467,528	\$ 467,528
Purpose restricted endowment	-	123,310	123,310
Board-designated endowment	5,008,948	-	5,008,948
Total subject to expenditure for a specified purpose:	<u>\$ 5,008,948</u>	<u>\$ 590,838</u>	<u>\$ 5,599,786</u>
2019			
	<i>Without Donor Restrictions</i>	<i>With Donor Restrictions</i>	<i>Total</i>
Type of Endowment Fund:			
Donor-restricted funds			
Perpetual endowment	\$ -	\$ 467,528	\$ 467,528
Purpose restricted endowment	-	150,101	150,101
Board-designated endowment	5,223,482	-	5,223,482
Total subject to expenditure for a specified purpose:	<u>\$ 5,223,482</u>	<u>\$ 617,629</u>	<u>\$ 5,841,111</u>

**TRIDENT UNITED WAY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

NOTE G – ACCOUNTING FOR ENDOWMENTS - Continued

Investment and Spending Policies

The Lane Tocqueville Legacy Circle Endowment fund was established on June 30, 2010. The endowment fund has a corpus of \$467,528, established from previous restricted revenue and scrap value from the obsolete railroad box cars. The earnings of the endowment are eligible to be drawn upon to support the operations of the organization at a rate of 5% of the annual balance of the endowment, if the balance is above the original corpus amount. The accumulated earnings from the endowment are recorded as net assets with donor restrictions by purpose and the corpus of the endowment is recorded as net assets with donor restrictions perpetual in nature.

The Organization has an investment policy for the board-designed Trident United Way Endowment Fund, which is monitored by the Investment Committee of its Board of Directors. The investment policy describes the objective for the fund and sets ranges for asset allocation.

The objective of the board-designated endowment fund places the highest emphasis on providing annual cash infusions to operations to help supplement operating expenses. Therefore 20% of the fund is to be available and free from excessive market risk immediately after a crisis. To meet the growth target, it is understood that two-thirds (2/3) of the Fund are to be invested in medium and long-term investment strategies. Therefore, these dollars would be only used in the most significant circumstances in order to reduce the likelihood of underperformance and excessive deterioration of real principal during a stage of poor fund performances. The Endowment fund is a board-established sub-account to provide long-term support of the fundraising and administrative functions of the Organization through an established 5% per year distribution. The 5% distribution is calculated on the account value as of June 30 annually.

The following is a summary of the asset allocation guidelines, with allowable ranges for each asset type:

<i>Asset Category</i>	<i>Target</i>	<i>Minimum</i>	<i>Maximum</i>
Cash	2%	0%	20%
Equity	65%	42%	82%
U.S. Large Cap	25%	5%	82%
U.S. Mid Cap	14%	0%	24%
U.S. Small Cap	9%	0%	19%
International - Developed	12%	0%	24%
Emerging Markets	5%	0%	12%
Fixed Income	25%	15%	50%
Investment Grade	25%	10%	50%
International Developed Bonds	0%	0%	5%
High Yield	0%	0%	5%
Real Estate	5%	0%	10%
Tangible Assets	3%	0%	10%

TRIDENT UNITED WAY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

NOTE G – ACCOUNTING FOR ENDOWMENTS - Continued

The changes in endowment net assets for the years ended June 30, 2020 and 2019, are as follows:

	2020		
	<i>Without Donor Restrictions</i>	<i>With Donor Restrictions</i>	<i>Total</i>
Endowment net assets, July 1, 2019	\$ 5,223,482	\$ 617,629	\$ 5,841,111
Investment return	586,720	5,949	592,669
Contributions		-	-
Appropriation of endowment assets for expenditure - distribution rates	(801,254)	(32,740)	(833,994)
Endowment net assets, June 30, 2020	<u>\$ 5,008,948</u>	<u>\$ 590,838</u>	<u>\$ 5,599,786</u>

	2019		
	<i>Without Donor Restrictions</i>	<i>With Donor Restrictions</i>	<i>Total</i>
Endowment net assets, July 1, 2018	\$ 5,156,928	\$ 652,359	\$ 5,809,287
Investment return	267,936	32,341	300,277
Contributions	56,800	-	56,800
Appropriation of endowment assets for expenditure - distribution rates	(258,182)	(67,071)	(325,253)
Endowment net assets, June 30, 2019	<u>\$ 5,223,482</u>	<u>\$ 617,629</u>	<u>\$ 5,841,111</u>

NOTE H – NOTE PAYABLE

During the year ended June 30, 2020, the Organization received \$582,216 through the Paycheck Protection Program under the Coronavirus Aid, Relief, and Economic Security (CARES) Act. On April 15, 2020 the Organization received loan funds of \$582,216 with an interest rate of 1%. Monthly payments of principal and interest shall commence November 15, 2020. The Organization may apply for forgiveness no sooner than 7 weeks from the date of the note. Any loan balance following forgiveness will be fully amortized over the remaining term of the loan.

NOTE I – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes or periods are as follows:

	2020	2019
Purpose restrictions:		
Trident United Way Campaign	\$ 2,822,910	\$ 3,010,425
Other	331,957	331,806
Total purpose restrictions	<u>\$ 3,154,867</u>	<u>\$ 3,342,231</u>
Perpetual in nature:		
Endowment	\$ 467,528	\$ 467,528
Total endowments	<u>\$ 467,528</u>	<u>\$ 467,528</u>
Total net assets with donor restrictions	<u>\$ 3,622,395</u>	<u>\$ 3,809,759</u>

**TRIDENT UNITED WAY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

NOTE I – NET ASSETS WITH DONOR RESTRICTIONS – Continued

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors are as follows:

	<u>2020</u>	<u>2019</u>
Purpose or period restrictions accomplished:		
Trident United Way Campaign	\$ 5,582,752	\$ 5,746,384
Combined Federal Campaign	-	868
Other	35,259	23,599
Net assets released from restrictions	<u>\$ 5,618,011</u>	<u>\$ 5,770,851</u>

NOTE J - EMPLOYEE BENEFITS

401K Plan

The Organization has established a retirement plan formed under section 401(k) of the Internal Revenue Code, which covers substantially all employees. Participants in the plan may elect to make voluntary before-tax and/or after-tax contributions based on a percentage of their pay, subject to certain limitations set forth in the Internal Revenue Code of 1986, as amended.

<u>Organization Contributions</u>	<u>Percent</u>
Matching safe harbor	0%-4%
Non-contributory discretionary	1%
Total Organization Contribution	<u>1%-5%</u>

During the years ending June 30, 2020 and 2019 the total matching safe harbor of up to 4 percent and a 1 percent non-contributory discretionary expenses were \$97,845 and \$87,108, respectively.

Deferred Compensation

The Organization provides deferred compensation to a former key employee. The assets are owned by the Organization until certain provisions of the plan are met by the employee. Deferred compensation liability for the years ended June 30, 2020 and 2019 was \$523,200 and \$460,750, respectively.

NOTE K – BUILDING LEASES

The Organization rents part of the building under multi-year lease contracts. Rental income is used exclusively to maintain the building and no donor funds are used for this purpose.

Estimated future rental income under the current leases as of June 30, 2020:

2021	\$ 240,158
2022	171,560
2023	130,244

**TRIDENT UNITED WAY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

NOTE L - CREDIT RISK

Financial instruments that potentially subject the Organization to credit risk consist principally of cash at financial institutions and investments. At times, the balances in cash accounts may be in excess of FDIC insurance limits. The unlimited coverage is separate from, and in addition to, the insurance coverage provided for a depositor's other accounts held at an FDIC-insured bank. Management continuously monitors the Organization's balances at financial institutions and invests excess operating cash in short-term investments.

Trident United Way maintains its cash accounts at various local banks. The cash in these accounts is guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per bank at June 30, 2020 and 2019.

At June 30, 2020 and 2019, total cash held by the local banks totaled \$4,579,053 and \$2,249,958, of which \$4,079,053 and \$1,656,761 were unsecured, respectively. The Organization has not experienced any losses in such accounts and believes it is not exposed to significant credit risk on its cash and cash equivalents.

Cash (money market fund) in an investment account is held at Bank of America. The cash in this account is held in the trust department of Bank of America and is not insured by the Securities Investor Protection Corporation (SIPC) or FDIC coverage. Bank of America is insured under the enterprise-wide insurance program of Bank of America. These programs include insurance coverage under a fidelity bond and errors and omissions policies. These policies each have limitations of \$100 million per occurrence.

At June 30, 2020 and 2019, the total cash held by Bank of America for the Organization was \$60 and \$1,597,010, respectively.

At June 30, 2020 and 2019, the total cash held by Morgan Stanley for the Organization was \$142,663 and \$0, respectively.

At June 30, 2020 and 2019, the total cash and cash equivalents held by Schwab Investment Advisors for the Organization was \$0 and \$35,699, respectively.

NOTE M - RELATED PARTY TRANSACTIONS

Three of the members of the Board of Directors are key staff members at banks that the Organization uses for certain deposit accounts and has holdings in as part of its investments. In addition, two of these Board Members are also members of the Finance Committee and the other is a member of the Investment Committee. Amounts held as deposits and investments total \$622,304 and \$629,952 as of June 30, 2020 and 2019, respectively.

One member of the Board of Directors is a key staff member of a local newspaper. The newspaper was paid a total of \$0 and \$36,970 for the years ended June 30, 2020 and 2019, respectively.

One member of the Board of Directors, also serving on the Investment Committee and Executive Committee, is a key staff member at an investment company that the Organization uses to manage certain deposit accounts. Amounts held as deposits total \$0 and \$1,954,823 as of June 30, 2020 and 2019, respectively.

TRIDENT UNITED WAY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

NOTE N - SUBSEQUENT EVENTS

In accordance with ASC 855, the Organization evaluated subsequent events through the report date, the date these financial statements were issued. The impact on the accompanying financial statements of the Corona Virus Disease (COVID-19) outbreak cannot be readily determined. Financial markets and the ultimate impact of this COVID-19 outbreak on the financial operations of the Organization are difficult to assess and predict. The Organization is taking steps to mitigate the impact of the COVID-19 outbreak, but results cannot be predicted at this time.