

**TRIDENT UNITED WAY**  
**FINANCIAL REPORT**  
**JUNE 30, 2019 AND 2018**

**TRIDENT UNITED WAY**  
**FINANCIAL REPORT**  
**JUNE 30, 2019 AND 2018**

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## 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, 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.

### *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.<sup>3</sup> 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, 2019 and 2018, 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.

***Emphasis of Matter***

As discussed in Note A to the financial statements, for 2019, the Organization adopted a new accounting guidance the Financial Accounting Standards Board issued Accounting Standards Update No. 2016-14, *Not for Profit Entities: Presentation of Financial Statements for Not-for-Profit Entities*. Our opinion is not modified with respect to this matter.

*DCPAS, LLC dba Davis + Company CPAs*

Mount Pleasant, South Carolina

September 27, 2019

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

|   | <b>Without Donor<br/>Restrictions</b> | <b>With Donor<br/>Restrictions</b> | <b>Total</b>         |
|---|---------------------------------------|------------------------------------|----------------------|
| <b>ASSETS</b>   |                                       |                                    |                      |
| 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                          |                                       |                                    |                      |
| Land  | 490,000                               | -                                  | 490,000              |
| Buildings and improvements                              | 2,535,330                             | -                                  | 2,535,330            |
| Equipment and software                                  | 318,751                               | -                                  | 318,751              |
| Construction in progress                                | 290,808                               | -                                  | 290,808              |
| Accumulated depreciation                                | (1,567,604)                           | -                                  | (1,567,604)          |
| Total land, buildings, and equipment                    | 2,067,285                             | -                                  | 2,067,285            |
| Long term investments                                   | 7,532,734                             | 648,879                            | 8,181,613            |
| <b>TOTAL ASSETS</b>                                     | <b>\$ 15,389,157</b>                  | <b>\$ 3,991,153</b>                | <b>\$ 19,380,310</b> |
| <b>LIABILITIES AND NET ASSETS</b>                       |                                       |                                    |                      |
| <b>LIABILITIES</b>                                      |                                       |                                    |                      |
| 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            |
| <b>NET ASSETS</b>                                       |                                       |                                    |                      |
| 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                                     | -                                     | 617,629                            | 617,629              |
| Purpose restrictions                                    | -                                     | 3,192,130                          | 3,192,130            |
| Total with donor restrictions                           | -                                     | 3,809,759                          | 3,809,759            |
| <b>TOTAL NET ASSETS</b>                                 | <b>14,370,979</b>                     | <b>3,809,759</b>                   | <b>18,180,738</b>    |
| <b>TOTAL LIABILITIES AND NET ASSETS</b>                 | <b>\$ 15,389,157</b>                  | <b>\$ 3,991,153</b>                | <b>\$ 19,380,310</b> |

See accompanying notes and independent auditors' report.

**TRIDENT UNITED WAY**  
**STATEMENT OF FINANCIAL POSITION**  
**AS OF JUNE 30, 2018**

|   | <b>Without Donor<br/>Restrictions</b> | <b>With Donor<br/>Restrictions</b> | <b>Total</b>         |
|---|---------------------------------------|------------------------------------|----------------------|
| <b>ASSETS</b>   |                                       |                                    |                      |
| Cash and cash equivalents                               | \$ 3,049,012                          | \$ 168,721                         | \$ 3,217,733         |
| Short term investments                                  | 713,475                               | 22,803                             | 736,278              |
| Accounts receivable                                     | 86,773                                | -                                  | 86,773               |
| Contribution receivable (net of allowance of \$396,380) | -                                     | 3,837,069                          | 3,837,069            |
| Other receivable  | -                                     | 76,714                             | 76,714               |
| Prepaid expenses  | 110,763                               | -                                  | 110,763              |
| Land, building, and equipment                           |                                       |                                    |                      |
| Land  | 490,000                               | -                                  | 490,000              |
| Building and improvements                               | 2,485,190                             | -                                  | 2,485,190            |
| Equipment and software                                  | 266,707                               | -                                  | 266,707              |
| Accumulated depreciation                                | (1,479,158)                           | -                                  | (1,479,158)          |
| Total land, building, and equipment                     | 5,722,762                             | 4,105,307                          | 9,828,069            |
| Long term investments                                   | 10,081,942                            | 767,810                            | 10,849,752           |
| <b>TOTAL ASSETS</b>                                     | <b>\$ 15,804,704</b>                  | <b>\$ 4,873,117</b>                | <b>\$ 20,677,821</b> |
| <b>LIABILITIES AND NET ASSETS</b>                       |                                       |                                    |                      |
| <b>LIABILITIES</b>                                      |                                       |                                    |                      |
| Accounts payable  | \$ 44,154                             | \$ 9,208                           | \$ 53,362            |
| Payroll liabilities                                     | 124,580                               | -                                  | 124,580              |
| Deferred compensation                                   | 395,552                               | -                                  | 395,552              |
| Campaign designations payable                           | -                                     | 288,855                            | 288,855              |
| Total liabilities                                       | 564,286                               | 298,063                            | 862,349              |
| <b>NET ASSETS</b>                                       |                                       |                                    |                      |
| Without donor restrictions                              |                                       |                                    |                      |
| Undesignated  | 5,583,719                             | -                                  | 5,583,719            |
| Designated by Board for operating/emergency reserve     | 2,357,112                             | -                                  | 2,357,112            |
| Designated by Board for endowment                       | 5,156,928                             | -                                  | 5,156,928            |
| Designated by Board for building reserve                | 379,920                               | -                                  | 379,920              |
| Invested in property and equipment                      | 1,762,739                             | -                                  | 1,762,739            |
| Total without donor restrictions                        | 15,240,418                            | -                                  | 15,240,418           |
| With donor restrictions                                 |                                       |                                    |                      |
| Perpetual in nature                                     | -                                     | 652,358                            | 652,358              |
| Purpose restrictions                                    | -                                     | 3,922,696                          | 3,922,696            |
| Total with donor restrictions                           | -                                     | 4,575,054                          | 4,575,054            |
| <b>TOTAL NET ASSETS</b>                                 | <b>15,240,418</b>                     | <b>4,575,054</b>                   | <b>19,815,472</b>    |
| <b>TOTAL LIABILITIES AND NET ASSETS</b>                 | <b>\$ 15,804,704</b>                  | <b>\$ 4,873,117</b>                | <b>\$ 20,677,821</b> |

See accompanying notes and independent auditors' report.

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

|  | <u>Without Donor<br/>Restrictions</u> | <u>With Donor<br/>Restrictions</u> | <u>Total</u>                |
|--|---------------------------------------|------------------------------------|-----------------------------|
| <b>PUBLIC SUPPORT AND REVENUE</b>        |                                       |                                    |                             |
| Contribution revenue                     |                                       |                                    |                             |
| Contributions                            | \$ 331,860                            | \$ 6,972,721                       | \$ 7,304,581                |
| Less donor designations                  | (331,860)                             | (793,990)                          | (1,125,850)                 |
| Less provision for uncollectible         | -                                     | (1,097,377)                        | (1,097,377)                 |
| <b>Net contribution revenue</b>          | <u>-</u>                              | <u>5,081,354</u>                   | <u>5,081,354</u>            |
| Grants and contracts                     | 285,312                               | 90,000                             | 375,312                     |
| 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                        | 564,456                               | 46,030                             | 610,486                     |
| Contributions released from restrictions | 5,982,680                             | (5,982,680)                        | -                           |
| <b>TOTAL PUBLIC SUPPORT AND REVENUE</b>  | <u><b>\$ 7,205,500</b></u>            | <u><b>\$ (765,296)</b></u>         | <u><b>\$ 6,440,204</b></u>  |
| <b>EXPENSES</b>                          |                                       |                                    |                             |
| 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>            |
| <b>TOTAL EXPENSES</b>                    | <u><b>8,074,938</b></u>               | <u><b>-</b></u>                    | <u><b>8,074,938</b></u>     |
| INCREASE (DECREASE) IN NET ASSETS        | (869,438)                             | (765,296)                          | (1,634,734)                 |
| Net Assets at Beginning of Year          | 15,240,418                            | 4,575,054                          | 19,815,472                  |
| <b>NET ASSETS AT END OF YEAR</b>         | <u><b>\$ 14,370,980</b></u>           | <u><b>\$ 3,809,758</b></u>         | <u><b>\$ 18,180,738</b></u> |

See accompanying notes and independent auditors' report.

**TRIDENT UNITED WAY**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2018**

|  | <u>Without Donor<br/>Restrictions</u> | <u>With Donor<br/>Restrictions</u> | <u>Total</u>                |
|--|---------------------------------------|------------------------------------|-----------------------------|
| <b>PUBLIC SUPPORT AND REVENUE</b>        |                                       |                                    |                             |
| Contribution revenue                     |                                       |                                    |                             |
| Contributions                            | \$ 568,451                            | \$ 7,575,774                       | \$ 8,144,225                |
| Less donor designations                  | (568,451)                             | (616,723)                          | (1,185,173)                 |
| Less provision for uncollectible         | -                                     | (454,441)                          | (454,441)                   |
| <b>Net contribution revenue</b>          | <u>-</u>                              | <u>6,504,610</u>                   | <u>6,504,610</u>            |
| Contribution revenue for future year     | -                                     | 3,950                              | 3,950                       |
| Grants and contracts                     | 523,961                               | -                                  | 523,961                     |
| Other contributions                      | -                                     | 125,877                            | 125,877                     |
| Service fees                             | 33,133                                | -                                  | 33,133                      |
| Rental income                            | 230,148                               | -                                  | 230,148                     |
| Investment income                        | 616,399                               | 70,184                             | 686,582                     |
| Contributions released from restrictions | 5,578,519                             | (5,578,519)                        | -                           |
| <b>TOTAL PUBLIC SUPPORT AND REVENUE</b>  | <u><b>\$ 6,982,160</b></u>            | <u><b>\$ 1,126,102</b></u>         | <u><b>\$ 8,108,262</b></u>  |
| <b>EXPENSES</b>                          |                                       |                                    |                             |
| Program services                         |                                       |                                    |                             |
| Community Investment                     | \$ 670,684                            | \$ -                               | \$ 670,684                  |
| Health                                   | 1,142,820                             | -                                  | 1,142,820                   |
| Education                                | 1,714,733                             | -                                  | 1,714,733                   |
| Financial Stability                      | 1,410,882                             | -                                  | 1,410,882                   |
| Connecting the Community                 | 820,451                               | -                                  | 820,451                     |
| Total program services                   | <u>5,759,570</u>                      | <u>-</u>                           | <u>5,759,570</u>            |
| Supporting services                      |                                       |                                    |                             |
| General and administrative               | 527,698                               | -                                  | 527,698                     |
| Building expenses                        | 181,625                               | -                                  | 181,625                     |
| Fundraising                              | 1,390,706                             | -                                  | 1,390,706                   |
| Total support services                   | <u>2,100,029</u>                      | <u>-</u>                           | <u>2,100,029</u>            |
| <b>TOTAL EXPENSES</b>                    | <u><b>7,859,599</b></u>               | <u><b>-</b></u>                    | <u><b>7,859,599</b></u>     |
| INCREASE (DECREASE) IN NET ASSETS        | (877,439)                             | 1,126,102                          | 248,663                     |
| Net Assets at Beginning of Year          | 16,117,857                            | 3,448,952                          | 19,566,809                  |
| <b>NET ASSETS AT END OF YEAR</b>         | <u><b>\$ 15,240,418</b></u>           | <u><b>\$ 4,575,054</b></u>         | <u><b>\$ 19,815,472</b></u> |

See accompanying notes and independent auditors' report.



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

|                                      | Program Services    |                     |                     |                        |                                |                     | Supporting Services  |                   |                   |                     |                     |                     |  |
|--------------------------------------|---------------------|---------------------|---------------------|------------------------|--------------------------------|---------------------|----------------------|-------------------|-------------------|---------------------|---------------------|---------------------|--|
|                                      | Community<br>Impact | Health              | Education           | Financial<br>Stability | Connecting<br>the<br>Community | Total<br>Programs   | General<br>and Admin | Building          | Total<br>Admin    | Fundraising         | Total<br>Support    | Total<br>Expenses   |  |
| Expenses                             |                     |                     |                     |                        |                                |                     |                      |                   |                   |                     |                     |                     |  |
| Partner agency 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               |  |
| <b>Total Expenses</b>                | <b>\$ 778,452</b>   | <b>\$ 1,191,283</b> | <b>\$ 1,664,632</b> | <b>\$ 1,512,562</b>    | <b>\$ 825,647</b>              | <b>\$ 5,972,576</b> | <b>\$ 415,318</b>    | <b>\$ 232,716</b> | <b>\$ 648,034</b> | <b>\$ 1,454,328</b> | <b>\$ 2,102,362</b> | <b>\$ 8,074,938</b> |  |

See accompanying notes and independent auditors' report.

**TRIDENT UNITED WAY**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED JUNE 30, 2018**

|                                      | Program Services    |                     |                     |                        |                                |                     | Supporting Services  |                   |                   |                     |                     |                     |  |
|--------------------------------------|---------------------|---------------------|---------------------|------------------------|--------------------------------|---------------------|----------------------|-------------------|-------------------|---------------------|---------------------|---------------------|--|
|                                      | Community<br>Impact | Health              | Education           | Financial<br>Stability | Connecting<br>the<br>Community | Total<br>Programs   | General<br>and Admin | Building          | Total<br>Admin    | Fundraising         | Total<br>Support    | Total<br>Expenses   |  |
| Expenses                             |                     |                     |                     |                        |                                |                     |                      |                   |                   |                     |                     |                     |  |
| Partner agency allocations           | \$ -                | \$ 966,975          | \$ 1,387,951        | \$ 621,746             | \$ 44,870                      | \$ 3,021,542        | \$ -                 | \$ -              | \$ -              | \$ -                | \$ -                | \$ 3,021,542        |  |
| Salaries & Benefits                  | 478,637             | 143,076             | 188,449             | 527,770                | 378,399                        | 1,716,331           | 385,756              | 14,932            | 400,688           | 947,346             | 1,348,034           | 3,064,365           |  |
| Professional and contract services   | 89,997              | 7,321               | 87,136              | 57,959                 | 254,262                        | 496,675             | 8,861                | 13,097            | 21,958            | 164,906             | 186,864             | 683,539             |  |
| Other agency grants                  | 100                 | -                   | 3,988               | 73,342                 | 50                             | 77,480              | 1,050                | -                 | 1,050             | 50                  | 1,100               | 78,580              |  |
| Occupancy                            | 22,096              | 4,222               | 7,082               | 31,655                 | 12,234                         | 77,289              | 21,330               | 73,097            | 94,427            | 36,153              | 130,580             | 207,869             |  |
| Meetings and conferences             | 6,188               | 624                 | 12,536              | 8,875                  | 5,361                          | 33,584              | 44,482               | -                 | 44,482            | 38,221              | 82,703              | 116,287             |  |
| Depreciation                         | 23,886              | 2,870               | 2,870               | 19,632                 | 9,555                          | 58,813              | 6,685                | 65,818            | 72,503            | 24,374              | 96,877              | 155,690             |  |
| Dues, subscriptions and publications | 22,190              | 5,330               | 9,941               | 23,974                 | 16,061                         | 77,496              | 39,385               | -                 | 39,385            | 45,540              | 84,925              | 162,421             |  |
| Advertising                          | 2,432               | 5,748               | 3,517               | 12,373                 | 42,211                         | 66,281              | -                    | -                 | -                 | 43,463              | 43,463              | 109,744             |  |
| Postage and printing                 | 9,952               | 2,747               | 3,359               | 9,165                  | 44,856                         | 70,079              | 4,472                | -                 | 4,472             | 40,966              | 45,438              | 115,517             |  |
| Supplies                             | 7,350               | 2,901               | 3,113               | 9,729                  | 6,328                          | 29,421              | 4,345                | 279               | 4,624             | 23,783              | 28,407              | 57,828              |  |
| Travel                               | 2,510               | 2                   | 2,666               | 7,994                  | 2,621                          | 15,793              | 7,501                | -                 | 7,501             | 11,046              | 18,547              | 34,340              |  |
| Insurance                            | 3,399               | 563                 | 1,051               | 1,965                  | 1,628                          | 8,606               | 1,369                | 14,082            | 15,451            | 4,608               | 20,059              | 28,665              |  |
| Miscellaneous                        | -                   | (30)                | -                   | -                      | -                              | (30)                | 420                  | 296               | 716               | 953                 | 1,669               | 1,639               |  |
| Bank service charges                 | 1,947               | 471                 | 878                 | 1,223                  | 1,361                          | 5,880               | 1,143                | 24                | 1,167             | 9,297               | 10,464              | 16,344              |  |
| Equipment                            | -                   | -                   | 196                 | 3,480                  | 654                            | 4,330               | 899                  | -                 | 899               | -                   | 899                 | 5,229               |  |
| <b>Total Expenses</b>                | <b>\$ 670,684</b>   | <b>\$ 1,142,820</b> | <b>\$ 1,714,733</b> | <b>\$ 1,410,882</b>    | <b>\$ 820,451</b>              | <b>\$ 5,759,570</b> | <b>\$ 527,698</b>    | <b>\$ 181,625</b> | <b>\$ 709,323</b> | <b>\$ 1,390,706</b> | <b>\$ 2,100,029</b> | <b>\$ 7,859,599</b> |  |

See accompanying notes and independent auditors' report.

**TRIDENT UNITED WAY  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2019 and 2018**

|   | <u>2019</u>                    | <u>2018</u>                    |
|---|--------------------------------|--------------------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>   |                                |                                |
| Increase (decrease) in net assets   | \$ (1,634,734)                 | \$ 248,663                     |
| Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used for) operating activities: |                                |                                |
| Depreciation  | 172,525                        | 155,690                        |
| Realized/unrealized (gain) loss on assets   | (610,486)                      | (686,582)                      |
| Cash restricted by donors or time   | 150,347                        | 138,255                        |
| Provision for uncollectible contributions receivable  | 1,097,377                      | 454,441                        |
| (Increase) decrease in operating assets   |                                |                                |
| Accounts receivable   | 26,252                         | (2,130)                        |
| Contributions receivable  |                                |                                |
| Trident United Way Campaign   | (483,485)                      | (124,047)                      |
| Other contributions receivable  | 76,714                         | 91,686                         |
| Prepaid expenses  | (57,162)                       | 42,540                         |
| Increase (decrease) in operating liabilities  |                                |                                |
| Accounts payable  | 400,386                        | (131,419)                      |
| Payroll liabilities   | (20,900)                       | 70,984                         |
| Deferred compensation   | 65,198                         | 32,207                         |
| Campaign designations payable   | (107,461)                      | (99,408)                       |
| <b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>   | <u>(925,429)</u>               | <u>664,004</u>                 |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>   |                                |                                |
| Leasehold improvements, equipment and software purchase   | (477,071)                      | (198,535)                      |
| Sale/purchase of investments, net   | 201,536                        | (514,181)                      |
| <b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>   | <u>(275,535)</u>               | <u>(712,716)</u>               |
| <br>NET INCREASE (DECREASE) IN CASH   | <br>(1,200,964)                | <br>(48,713)                   |
| <br>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR  | <br><u>3,217,733</u>           | <br><u>3,266,446</u>           |
| <br><b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>   | <br><u><u>\$ 2,016,769</u></u> | <br><u><u>\$ 3,217,733</u></u> |

See accompanying notes and independent auditors' report.

**TRIDENT UNITED WAY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2019 AND 2018**

**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.

**TRIDENT UNITED WAY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2019 AND 2018**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

**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 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 \$2,490,537 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.

**TRIDENT UNITED WAY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2019 AND 2018**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

**Endowment and Long-term Investments - Continued**

The board-designated endowment of \$5,223,482 is to provide long-term support of the fundraising and administrative functions for Trident United Way through an established five percent per year distribution. 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 \$394,890 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**

Contributions, including unconditional promises to give, are recognized when 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.

**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.

**TRIDENT UNITED WAY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2019 AND 2018**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

**Expense Recognition and Allocation - Continued**

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, 2019 and 2018 the accrued vacation liability was \$103,680 and \$98,280, 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.

**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, 2019 and 2018. 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.

**TRIDENT UNITED WAY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2019 AND 2018**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

**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 not depreciated until put into use. During 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.

**Grant Revenue**

Grant revenue is recognized when the qualifying costs are incurred for cost-reimbursement grants or contracts or when a unit of service is provided for performance grants. Grant revenue from federal agencies is subject to independent audit under the Office of Management and Budget's audit requirements for federal awards above a certain dollar threshold, as well as review by grantor agencies. These reviews could result in a disallowance of expenditures under the terms of the grant or reductions of future grant funds. The organization's management believes that any costs disallowed, if any, would not materially affect the financial position of the organization.

**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**

The Financial Accounting Standards Board (FASB), on August 18, 2016, published Accounting Standards Updated (ASU) No. 2016-14, Not for Profit Entities: Presentation of Financial Statements of Not-for-Profit Entities. The standard changes how not-for-profit organizations classify their net assets, with groups required to categorize assets as either those with donor restrictions or without. The standard also requires new information about an organization's liquidity and an analysis of expenses by nature and function. The update aims to help charities, universities, foundations and other not-for-profit groups better convey how they spend and manage their resources. The organization has elected to adopt this standard for the year ended June 30, 2019 and has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.



**TRIDENT UNITED WAY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2019 AND 2018**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

**Reclassifications**

Certain accounts in 2018 financial statements have been reclassified to conform with the current year financial statement presentation. Reclassifications include \$794,978 in campaign revenues and related release of restrictions during June 30, 2018. Changes in net assets and the related net asset balance amounts did not change as a result of the reclassification.

**TRIDENT UNITED WAY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2019 AND 2018**

**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, 2019 are:

|  | <u>2019</u>         | <u>2018</u>         |
|--|---------------------|---------------------|
| Cash   | \$ 2,016,769        | \$ 3,217,733        |
| Short term investments   | <u>3,663,019</u>    | <u>736,278</u>      |
| Cash and cash equivalents                                      | 5,679,788           | 3,954,011           |
| Accounts receivable  | 60,521              | 86,773              |
| Investments  | <u>8,181,613</u>    | <u>10,849,752</u>   |
| Total financial assets   | 13,921,922          | 14,890,536          |
| Less financial assets held to meet donor-imposed restrictions: |                     |                     |
| Trident United Way Campaign                                    | (3,010,425)         | (3,602,838)         |
| Other  | (181,705)           | (151,136)           |
| Combined Fderal Campaign                                       | -                   | (168,722)           |
| In perpetuity  | (617,629)           | (652,358)           |
| Less board-designated funds:                                   |                     |                     |
| Operating/emergency reserve                                    | (2,490,537)         | (2,357,112)         |
| Endowment  | (5,223,482)         | (5,156,928)         |
| Building reserve   | <u>(394,890)</u>    | <u>(379,920)</u>    |
| Total financial assets with restrictions                       | <u>(11,918,668)</u> | <u>(12,469,014)</u> |
| Amount available for general expenditures within one ye:       | <u>\$ 2,003,254</u> | <u>\$ 2,421,522</u> |

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 \$2,490,537, designated endowment \$5,223,482, or building reserve \$394,890.

**TRIDENT UNITED WAY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2019 AND 2018**

**NOTE C – INVESTMENTS**

Long term investments consist of net assets with donor restrictions and without donor restrictions managed by Bank of America N.A. (formerly known as US Trust), including a stock gift account. Short term investments consist of assets without donor restriction managed by Schwab Investment Advisors. All investments are stated at fair value. Investments were comprised of the following as of June 30:

|                                    | <u>As of June 30, 2019</u> |                      | <u>As of June 30, 2018</u> |                      |
|------------------------------------|----------------------------|----------------------|----------------------------|----------------------|
|                                    | <u>FMV</u>                 | <u>Cost</u>          | <u>FMV</u>                 | <u>Cost</u>          |
| Certificates of deposit            | \$ 2,012,320               | \$ 2,012,320         | \$ 1,895,565               | \$ 1,895,565         |
| Money market fund                  | 1,641,880                  | 1,632,139            | 34,485                     | 34,485               |
| Government money market            | -                          | -                    | 397,851                    | 397,562              |
| Fixed income                       | 605,850                    | 583,713              | 1,983,148                  | 2,093,391            |
| Mutual funds – corporate bonds     | 1,935,637                  | 1,905,570            | 1,452,534                  | 1,468,816            |
| Securities and security portfolios | 5,648,945                  | 4,061,091            | 5,822,446                  | 4,190,930            |
|                                    | <u>\$ 11,844,632</u>       | <u>\$ 10,194,833</u> | <u>\$ 11,586,030</u>       | <u>\$ 10,080,750</u> |

Maturities for the above listed investments are listed below:

|                                    | <u>As of June 30,<br/>2019</u> | <u>As of June 30,<br/>2018</u> |
|------------------------------------|--------------------------------|--------------------------------|
| <u>Maturity Range in Years</u>     |                                |                                |
| 3 months - 1 year                  | \$ 1,847,350                   | \$ 736,276                     |
| 1 - 5 years                        | 443,610                        | 157,403                        |
| 5-10 years                         | 868,803                        | 834,218                        |
| 10 years and beyond                | 1,100,287                      | 2,583,153                      |
| Mutual Funds – corporate bonds     | 1,935,637                      | 1,452,534                      |
| Securities and security portfolios | 5,648,945                      | 5,822,446                      |
| Total Investments                  | <u>\$ 11,844,632</u>           | <u>\$ 11,586,030</u>           |

**TRIDENT UNITED WAY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2019 AND 2018**

**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:

|                             | <b>Trident United Way Campaign</b> |                     |
|-----------------------------|------------------------------------|---------------------|
|                             | <b>2019</b>                        | <b>2018</b>         |
| Beginning balance           | \$ 3,837,069                       | \$ 3,713,022        |
| Commitments made            | 3,638,265                          | 4,397,447           |
| Payments made               | (3,821,883)                        | (3,877,020)         |
| Balance before allowance    | 3,653,451                          | 4,233,449           |
| Allowance for uncollectible | (430,274)                          | (396,380)           |
| Ending balance              | <u>\$ 3,223,177</u>                | <u>\$ 3,837,069</u> |

|                     | <b>Other Contributions Receivable</b> |                  |
|---------------------|---------------------------------------|------------------|
|                     | <b>2019</b>                           | <b>2018</b>      |
| Beginning balance   | \$ 76,714                             | \$ 168,400       |
| Commitments made    | -                                     | -                |
| Payments made       | (18,500)                              | (91,686)         |
| Pledges written off | (58,214)                              | -                |
| Ending balance      | <u>\$ -</u>                           | <u>\$ 76,714</u> |

An allowance for doubtful accounts is maintained based on management's internal reserve policies. Management's estimate of uncollectible pledges were 6% and 5% for the years ended June 30, 2019 and 2018, respectively. The balance of the other pledges receivable of \$58,214 was written off for the year ended June 30, 2019 to properly reflect the doubt of receiving these aged contributions.

**TRIDENT UNITED WAY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2019 AND 2018**

**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, 2019 or 2018.

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.

At June 30, 2019 and 2018, 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, 2019 and 2018.

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.

**TRIDENT UNITED WAY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2019 AND 2018**

**NOTE E - FAIR VALUE MEASUREMENTS AND DISCLOSURES - Continued**

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, 2019 and 2018:

| <b>Description</b>                 | <b>June 30, 2019</b> |                     |                |                      |
|------------------------------------|----------------------|---------------------|----------------|----------------------|
|                                    | <b>Level 1</b>       | <b>Level 2</b>      | <b>Level 3</b> | <b>Total</b>         |
| 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            |
| <b>Total assets at fair value</b>  | <b>\$ 9,226,461</b>  | <b>\$ 2,618,171</b> | <b>\$ -</b>    | <b>\$ 11,844,632</b> |

| <b>Description</b>                 | <b>June 30, 2018</b> |                     |                |                      |
|------------------------------------|----------------------|---------------------|----------------|----------------------|
|                                    | <b>Level 1</b>       | <b>Level 2</b>      | <b>Level 3</b> | <b>Total</b>         |
| Certificates of deposit            | \$ -                 | \$ 1,895,565        | \$ -           | \$ 1,895,565         |
| Money market funds                 | 34,485               | -                   | -              | 34,485               |
| Government money market            | 397,851              | -                   | -              | 397,851              |
| Bonds                              | -                    | 1,983,148           | -              | 1,983,148            |
| Mutual funds - corporate bonds     | 1,452,534            | -                   | -              | 1,452,534            |
| Securities and security portfolios | 5,822,446            | -                   | -              | 5,822,446            |
| <b>Total assets at fair value</b>  | <b>\$ 7,707,316</b>  | <b>\$ 3,878,713</b> | <b>\$ -</b>    | <b>\$ 11,586,030</b> |

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, 2019, the organization does not have any investments measured using level 3 inputs.

**TRIDENT UNITED WAY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2019 AND 2018**

**NOTE F - LAND, BUILDINGS AND EQUIPMENT**

Land, buildings and equipment for the years ended June 30, 2019 and 2018 consist of the following:

|                                      | <b>Beginning<br/>Balance<br/>July 1, 2018</b> | <b>Additions</b>  | <b>Disposition</b> | <b>Ending<br/>Balance<br/>June 30, 2019</b> |
|--------------------------------------|---|-------------------|--------------------|---|
| 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>                         |

  

|                                      | <b>Beginning<br/>Balance<br/>July 1, 2017</b> | <b>Additions</b> | <b>Disposition</b> | <b>Ending<br/>Balance<br/>June 30, 2018</b> |
|--------------------------------------|---|------------------|--------------------|---|
| Building and improvements            | \$ 2,312,182                                  | \$ 173,008       | \$ -               | \$ 2,485,190                                |
| Equipment                            | 241,180                                       | 25,527           | -                  | 266,707                                     |
| Total depreciable assets             | 2,553,362                                     | 198,535          | -                  | 2,751,897                                   |
| Less accumulated depreciation        | (1,323,468)                                   | (155,690)        | -                  | (1,479,158)                                 |
| Net depreciable assets               | 1,229,894                                     | 42,845           | -                  | 1,272,739                                   |
| Land                                 | 490,000                                       | -                | -                  | 490,000                                     |
| Total land, buildings, and equipment | <u>\$ 1,719,894</u>                           | <u>\$ 42,845</u> | <u>\$ -</u>        | <u>\$ 1,762,739</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 is stated at cost and will begin depreciating once put into use. During the fiscal year ending June 30, 2019, work began on replacements for the roof and elevator, but work was not complete as of June 30, 2019.

**TRIDENT UNITED WAY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018**

**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). 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



**TRIDENT UNITED WAY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2019 AND 2018**

**NOTE G – ACCOUNTING FOR ENDOWMENTS - Continued**

The net asset composition for the endowment as of June 30, 2019 and 2018, are as follows:

|   | <b>2019</b>                                  |   |                     |
|---|--|---|---------------------|
|   | <b><i>Without Donor<br/>Restrictions</i></b> | <b><i>With Donor<br/>Restrictions</i></b> | <b><i>Total</i></b> |
| Type of Endowment Fund                                |  |   |                     |
| Donor-restricted funds                                |  |   |                     |
| Perpetual endowment                                   | \$ -   | \$ 617,629                                | \$ 617,629          |
| 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> |
| <b>2018</b>   |  |   |                     |
|   | <b><i>Without Donor<br/>Restrictions</i></b> | <b><i>With Donor<br/>Restrictions</i></b> | <b><i>Total</i></b> |
|   |  |   |                     |
| Type of Endowment Fund                                |  |   |                     |
| Donor-restricted funds                                |  |   |                     |
| Perpetual endowment                                   | \$ -   | \$ 652,358                                | \$ 652,358          |
| Board-designated endowment                            | 5,156,928                                    | -   | 5,156,928           |
| Total subject to expenditure for a specified purpose: | <u>\$ 5,156,928</u>                          | <u>\$ 652,358</u>                         | <u>\$ 5,809,286</u> |

**Investment and Spending Policy**

The organization has an investment policy specific to its 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 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.

**TRIDENT UNITED WAY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2019 AND 2018**

**NOTE G – ACCOUNTING FOR ENDOWMENTS - Continued**

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%            |

The changes in endowment net assets for the year ended June 30, 2019 and 2018, are as follows:

|   | <b>2019</b>                                  |   |                     |
|---|--|---|---------------------|
|   | <i><b>Without Donor<br/>Restrictions</b></i> | <i><b>With Donor<br/>Restrictions</b></i> | <i><b>Total</b></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<br>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> |

  

|                                     | <b>2018</b>                                  |   |                     |
|-------------------------------------|--|---|---------------------|
|                                     | <i><b>Without Donor<br/>Restrictions</b></i> | <i><b>With Donor<br/>Restrictions</b></i> | <i><b>Total</b></i> |
| Endowment net assets, July 1, 2017  | \$ 4,726,566                                 | \$ 607,688                                | \$ 5,334,254        |
| Investment Return                   | 346,434                                      | 44,670                                    | 391,104             |
| Contributions                       | 83,928                                       | -   | 83,928              |
| Endowment net assets, June 30, 2018 | <u>\$ 5,156,928</u>                          | <u>\$ 652,358</u>                         | <u>\$ 5,809,286</u> |

**TRIDENT UNITED WAY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018**

**NOTE H – NET ASSETS WITH DONOR RESTRICTIONS**

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

|  | <u>2019</u>         | <u>2018</u>         |
|--|---------------------|---------------------|
| Purpose restrictions:                            |                     |                     |
| Trident United Way Campaign                      | \$ 3,010,425        | \$ 3,602,838        |
| Combined Federal Campaign                        | -                   | 168,722             |
| Other, net                                       | 181,705             | 151,136             |
| Total purpose restrictions                       | <u>\$ 3,192,130</u> | <u>\$ 3,922,696</u> |
| Endowments:                                      |                     |                     |
| Subject to endowment spending and appropriation: |                     |                     |
| Investments in perpetuity                        | \$ 617,629          | \$ 652,358          |
| Total endowments                                 | <u>\$ 617,629</u>   | <u>\$ 652,358</u>   |

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

|  | <u>2019</u>         | <u>2018</u>         |
|--|---------------------|---------------------|
| Purpose or period restrictions accomplished: |                     |                     |
| Trident United Way Campaign                  | \$ 5,958,213        | \$ 4,783,841        |
| Combined Federal Campaign                    | 868                 | 459,120             |
| Other  | 23,599              | 335,558             |
| Net assets released from restrictions        | <u>\$ 5,982,680</u> | <u>\$ 5,578,519</u> |

**NOTE I - 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, 2019 and 2018 the total matching safe harbor of up to 4 percent and a 1 percent non-contributory discretionary expenses were \$87,108 and \$107,110, respectively.

**TRIDENT UNITED WAY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2019 AND 2018**

**NOTE I - EMPLOYEE BENEFITS - Continued**

**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, 2019 and 2018 was \$460,750 and \$395,552, respectively.

**NOTE J - 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, 2019:

Years Ended June 30:

|      |    |         |
|------|----|---------|
| 2020 | \$ | 247,665 |
| 2021 |    | 203,073 |
| 2022 |    | 134,856 |

**NOTE K - 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, 2019 and 2018.

At June 30, 2019 and 2018, total cash held by the local banks totaled \$2,249,958 and \$3,589,889, of which \$1,656,761 and \$2,827,938 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, 2019 and 2018, the total cash held by Bank of America for the Organization was \$1,597,010 and \$397,868, respectively.

Corporate certificates of deposit are held by Schwab Investment Advisors and are covered by SIPC up to \$500,000 as well as additional insurance protection maintained by Charles Schwab.

**TRIDENT UNITED WAY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2019 AND 2018**

**NOTE K - CREDIT RISK – Continued**

At June 30, 2019 and 2018, the total cash and cash equivalents held by Schwab Investment Advisors for the Organization was \$35,699 and \$34,470, respectively.

**NOTE L – RELATED PARTY TRANSACTIONS**

Three Board of Directors members 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 members of the Finance Committee and the other is a member of the Investment Committee. Amounts held as deposits and investments total \$629,952 and \$767,995 as of June 30, 2019 and 2018, respectively.

One Board of Directors member is a key staff member of a local newspaper. The newspaper was paid a total of \$36,970 and \$32,785 for the years ended June 30, 2019 and 2018, respectively.

One Board of Directors member is a key staff member at a college the Organization used to host events. The college was paid a total of \$0 and \$818 for the years ended June 30, 2019 and 2018, respectively.

One Board of Directors, Investment, and Executive Committee member is a key staff member at an investment company that the Organization uses to manage certain deposit accounts. Amounts held as deposits total \$1,954,823 and \$1,837,112 as of June 30, 2019 and 2018, respectively.

**NOTE M - SUBSEQUENT EVENTS**

In accordance with ASC 855, the Organization evaluated subsequent events through the report date, the date these financial statements were issued. In September 2019 the Organization experienced a temporary loss of access to the third-party hosted Andar CRM system and certain electronic corporate campaigns that were running or intended to run during this period were impacted. The amount of potential campaign revenue loss is indeterminable as of the date of this report.