

**UNITED WAY OF HENRY COUNTY
AND MARTINSVILLE, INC.**

FINANCIAL REPORT

DECEMBER 31, 2019

CONTENTS

	<u>Page</u>
OFFICERS AND DIRECTORS	1
INDEPENDENT AUDITORS' REPORT	2-3
FINANCIAL STATEMENTS	
Statement of financial position	4
Statement of activities	5-6
Statement of cash flows	7
Statement of functional expenses	8
Notes to financial statements	9-17
SUPPLEMENTARY INFORMATION	18
INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION	19
Schedule of payments to participating agencies	20

UNITED WAY OF HENRY COUNTY AND MARTINSVILLE, INC.

EXECUTIVE COMMITTEE

President	Michael Scales
1 st Vice-President/Campaign Chair	Beverly Pitzer
2 nd Vice-President/Co-Campaign Chair	Karen Burgess
Secretary/Treasurer	Sebrena Smith
Community Investment Chair	Dru Ingram
Finance Committee Chair	Scott Prillaman
Immediate Past President	Dru Ingram

BOARD OF DIRECTORS

Term Expires in 2019

Ronnie Fultz	Scott Griffin
Greg Peitz	Tory Shepherd
Jim Tobin	Zeb Talley
Kathy Vernon	

Term Expires in 2020

Karen Burgess	Leslie Rakes
Monica Hatchett	Brian Henderson
Latala Hodges	Beverly Pitzer
Scott Prillaman	Sharon Shepherd
Amanda Cox	Michael Scales

Term Expires in 2021

Dru Ingram	Sebrena Smith
Wayne Moore	Mary Nester
Autumn Morris	Lourdes Akers
Veronica Favero	Donna Morrison

EXECUTIVE DIRECTOR

Philip Wenkstern



Harris, Harvey, Neal & Co., LLP

Certified Public Accountants

231 East Church St. • Fidelity Bank Bldg, 5th Floor • Martinsville, VA 24112
276/632-9871 • Fax 276/632-9682 • www.hhn CPA.com

INDEPENDENT AUDITORS' REPORT

Board of Directors
United Way of Henry County
and Martinsville, Inc.
Martinsville, Virginia

We have audited the accompanying financial statements of United Way of Henry County and Martinsville, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2019 and the related statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

MEMBERS

American Institute of Certified Public Accountants • Virginia Society of Certified Public Accountants
Offices in Danville, Chatham, Martinsville, and South Boston, Virginia

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Way of Henry County and Martinsville, Inc. as of December 31, 2019, and the changes in its net assets and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the United Way of Henry County & Martinsville's 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 24, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Harris Harvey Neal & Co. LLP

Martinsville, Virginia
November 16, 2020

UNITED WAY OF HENRY COUNTY AND MARTINSVILLE, INC.

STATEMENT OF FINANCIAL POSITION
 December 31, 2019 (With Comparative Totals for 2018)
 See Independent Auditors' Report

ASSETS	Without Donor Restrictions	With Donor Restrictions	2019 Total	2018 Total
CURRENT ASSETS				
Cash and cash equivalents	\$ 921,461	\$ 75,648	\$ 997,109	\$ 848,414
Unconditional promises to give (net)				
2020 campaign	-	161,386	161,386	-
2019 campaign	29,470	-	29,470	183,166
2018 campaign	-	-	-	46,404
Prepaid expense	3,750	-	3,750	3,750
Investments	58,347	-	58,347	49,435
Total current assets	<u>1,013,028</u>	<u>237,034</u>	<u>1,250,062</u>	<u>1,131,169</u>
PROPERTY AND EQUIPMENT				
Property and equipment	86,963	-	86,963	86,963
Less accumulated depreciation	(86,385)	-	(86,385)	(85,842)
Property and equipment, net	<u>578</u>	<u>-</u>	<u>578</u>	<u>1,121</u>
	<u>\$ 1,013,606</u>	<u>\$ 237,034</u>	<u>\$ 1,250,640</u>	<u>\$ 1,132,290</u>
LIABILITIES AND NET ASSETS				
LIABILITIES				
Donor designations (net)	\$ 95,429	\$ -	\$ 95,429	\$ 105,045
Deferred revenue - Smart Beginnings	44,601	-	44,601	18,748
Accounts payable	2,327	-	2,327	4,717
Payroll withholding payable	3,056	-	3,056	2,816
Total current liabilities	<u>145,413</u>	<u>-</u>	<u>145,413</u>	<u>131,326</u>
NET ASSETS				
Without Donor Restrictions:				
Designated for Community Impact	172,607	-	172,607	215,424
Designated for Endowment	58,349	-	58,349	49,436
Operating	637,237	-	637,237	511,291
With Donor Restrictions:				
Purpose restricted	-	237,034	237,034	224,813
Total net assets	<u>868,193</u>	<u>237,034</u>	<u>1,105,227</u>	<u>1,000,964</u>
	<u>\$ 1,013,606</u>	<u>\$ 237,034</u>	<u>\$ 1,250,640</u>	<u>\$ 1,132,290</u>

The accompanying notes are an integral part of this statement.

UNITED WAY OF HENRY COUNTY AND MARTINSVILLE, INC.

STATEMENT OF ACTIVITIES

Year ended December 31, 2019 (With Comparative Totals for 2018)

See Independent Auditors' Report

	Without Donor Restrictions	With Donor Restrictions	2019 Total	2018 Total
REVENUES, GAINS, AND OTHER SUPPORT				
Campaign applicable to current period				
Contributions collected from prior campaigns	\$ 226,825	\$ -	\$ 226,825	\$ 161,218
Contributions received in prior periods (released from restrictions)	855,003	(855,003)	-	-
Less donor designations (2018-2019)	(95,429)	95,429	-	-
Total contributions for current period	<u>986,399</u>	<u>(759,574)</u>	<u>226,825</u>	<u>161,218</u>
Total amount raised in campaign for next allocation period				
Less donor designations	-	(95,429)	(95,429)	(105,045)
Less allowance for uncollectible	-	(5,763)	(5,763)	(11,315)
Total contributions for next allocation period	<u>-</u>	<u>326,278</u>	<u>326,278</u>	<u>306,769</u>
Total campaign	<u>986,399</u>	<u>(433,296)</u>	<u>553,103</u>	<u>467,987</u>
Other revenue				
Smart Beginnings	-	311,081	311,081	177,793
Investment income	16,538	-	16,538	2,936
Special events	2,650	-	2,650	7,700
Nonprofit Leaders Network	-	2,350	2,350	3,935
Administrative fees retained on amounts designated by donors for specific organizations	5,395	-	5,395	7,055
Financial Stability	-	132,086	132,086	36,180
Operating income	<u>13,518</u>	<u>-</u>	<u>13,518</u>	<u>36,438</u>
Total other revenue	<u>38,101</u>	<u>445,517</u>	<u>483,618</u>	<u>272,037</u>
Total support and revenue	<u>1,024,500</u>	<u>12,221</u>	<u>1,036,721</u>	<u>740,024</u>

UNITED WAY OF HENRY COUNTY AND MARTINSVILLE, INC.

STATEMENT OF ACTIVITIES
 Year ended December 31, 2019 (With Comparative Totals 2018)
 See Independent Auditors' Report

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2019 Total</u>	<u>2018 Total</u>
EXPENSES				
Program services				
Community services	821,299	-	821,299	822,847
Total program services	821,299	-	821,299	822,847
Supporting services				
Management and general	59,961	-	59,961	62,372
Fundraising	51,198	-	51,198	51,202
Total supporting services (9.79% of total amounts raised and other revenue (Note 9))	111,159	-	111,159	113,574
Total expenses	932,458	-	932,458	936,421
Change in net assets	92,042	12,221	104,263	(196,397)
Net assets, beginning	776,151	224,813	1,000,964	1,197,361
Net assets, ending	<u>\$ 868,193</u>	<u>\$ 237,034</u>	<u>\$1,105,227</u>	<u>\$1,000,964</u>

The accompanying notes are an integral part of this statement.

UNITED WAY OF HENRY COUNTY AND MARTINSVILLE, INC.

STATEMENT OF CASH FLOWS

Year ended December 31, 2019 (With Comparative Totals for 2018)

See Independent Auditors' Report

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 104,263	\$ (196,397)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	544	2,215
Unrealized (gain) loss on investments	(6,266)	6,010
Change in operating assets and liabilities:		
Accounts receivable	-	-
Unconditional promises to give (net)	38,714	50,680
Prepaid expense	-	(3,050)
Deferred revenue	25,853	(4,181)
Donor designations	(9,616)	(12,948)
Accounts payable	(2,390)	4,494
Payroll withholdings payable	241	(834)
	<u>151,343</u>	<u>(154,011)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	<u>(2,647)</u>	<u>(28,213)</u>
	<u>(2,647)</u>	<u>(28,213)</u>
Net cash (used in) investing activities	<u>(2,647)</u>	<u>(28,213)</u>
Net increase (decrease) in cash and cash equivalents	148,696	(182,224)
Cash and cash equivalents at beginning of year	<u>848,413</u>	<u>1,030,637</u>
Cash and cash equivalents at end of year	<u><u>\$ 997,109</u></u>	<u><u>\$ 848,413</u></u>
SUPPLEMENTAL DISCLOSURES OF CASH AND CASH FLOW INFORMATION		
Interest	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Income taxes	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

The accompanying notes are an integral part of this statement.

UNITED WAY OF HENRY COUNTY AND MARTINSVILLE, INC

STATEMENT OF FUNCTIONAL EXPENSES
 Year ended December 31, 2019 (With Comparative Totals for 2018)
 See Independent Auditors' Report

	Program Services		Supporting Services		2019 Total	2018 Total
	Community Services	Management and General	Fundraising			
Salaries - executive director	\$ 22,999	\$ 17,888	\$ 10,221	\$ 51,108	\$ 60,541	
Salaries - staff	17,428	10,030	18,388	45,846	52,318	
Employee health and retirement benefits	11,792	8,143	8,344	28,279	22,094	
Payroll taxes	2,994	2,068	2,119	7,181	8,276	
Total salaries and related expenses	55,213	38,129	39,072	132,414	143,229	
Office expense	1,051	175	175	1,401	1,325	
Telephone	-	-	-	-	1,447	
Dues and subscriptions	-	-	-	-	180	
Postage and shipping	573	96	95	764	1,448	
Office equipment maintenance	3,675	613	613	4,901	2,230	
Campaign expenses	-	-	9,472	9,472	9,415	
Travel and conferences	833	139	139	1,111	3,258	
Professional fees	-	14,800	-	14,800	15,200	
Insurance	-	2,968	-	2,968	3,025	
Occupancy	7,752	1,292	1,292	10,336	8,833	
Website	734	122	123	979	700	
Participating agency payments - allocations	319,124	-	-	319,124	387,880	
Smart Beginnings	297,311	-	-	297,311	230,907	
United Way of America dues	8,446	-	-	8,446	9,170	
Financial Stability Initiative	121,285	-	-	121,285	76,747	
Nonprofit Leaders Network	5,084	-	-	5,084	11,902	
Carter Bridges Out of Poverty	-	-	-	-	18,568	
PUP Grant	-	-	-	-	6,517	
Pledges to other United Ways	-	-	-	-	447	
Miscellaneous	-	1,518	-	1,518	1,778	
Total expenses before depreciation	765,868	21,723	11,909	799,500	790,977	
Depreciation	218	109	217	544	2,215	
Total functional expenses	\$ 821,299	\$ 59,961	\$ 51,198	\$ 932,458	\$ 936,421	

The accompanying notes are an integral part of this statement.

UNITED WAY OF HENRY COUNTY AND MARTINSVILLE, INC.

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies

Nature of activities:

The United Way of Henry County and Martinsville, Inc. is a nonprofit organization which solicits funds for community health, welfare, recreational agencies, and national service organizations in a unified appeal plan.

Basis of accounting:

The financial statements have been prepared on the accrual basis of accounting.

Contributions:

Contributions received are recorded as net assets without donor restrictions or with donor restrictions depending upon existence or nature of any donor restrictions.

Cash and cash equivalents:

For purposes of the statement of cash flows, the United Way considers all cash and highly liquid debt instruments including certificates of deposit to be cash equivalents.

Promises to give:

Contributions are recognized when the donor makes a promise to give to the United Way that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Investments:

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

UNITED WAY OF HENRY COUNTY AND MARTINSVILLE, INC.

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

Net assets:

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

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

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. 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.

New accounting pronouncement:

On August 18, 2016, FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. United Way of Henry County & Martinsville has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.

Property and equipment:

Property and equipment is carried at cost. Depreciation is computed over the estimated useful lives of the respective assets using the straight-line method. Depreciation expense for 2019 amounted to \$544.

Expense allocation:

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

UNITED WAY OF HENRY COUNTY AND MARTINSVILLE, INC.

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

Use of estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could vary from the estimates that were used.

Income tax status:

The United Way has been classified as an exempt organization under the Internal Revenue Code Section 501c(3) and, therefore, is not subject to income tax.

Note 2. Cash and Cash Equivalents

Cash and cash equivalents at December 31, 2019 consists of the following:

BB&T - checking & savings	\$	12,687
SunTrust Bank - checking		241,963
Carter Bank & Trust - money market account		102,866
Hometrust Bank - business money market account		127,748
Stifel Nicolaus - The Worth Harris Carter Jr. Endowment Fund		1
Certificates of deposit:		
Carter Bank & Trust		144,241
Fidelity Bank		39,784
Blue Ridge Bank		108,859
Martinsville First Savings Bank		107,431
American National Bank		111,529
		<hr/>
Total cash and cash equivalents	\$	<u>997,109</u>

The Organization maintains cash balances at several financial institutions. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. At December 31, 2019, the Organization's uninsured cash balance totaled \$1,814.

UNITED WAY OF HENRY COUNTY AND MARTINSVILLE, INC.

NOTES TO FINANCIAL STATEMENTS

Note 3. Liquidity and Availability

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

Cash and cash equivalents	\$	997,109
Unconditional promises to give, net		190,856
Investments		58,347
Less: Amounts with donor restrictions		(237,034)
Amounts board-designated for community impact		(172,607)
Amounts board-designated for endowment		(58,349)
		<hr/>
Financial assets available to meet cash needs for general expenditures within one year	\$	<u>778,322</u>

As part of our liquidity management plan, we have invested cash in excess of daily requirements in CD's and money market funds.

Note 4. Pension Plan

The United Way of Henry County and Martinsville, Inc. is a participating member in the Mutual of America Pension Plan. Total contributions for the year ended December 31, 2019 were \$0.

UNITED WAY OF HENRY COUNTY AND MARTINSVILLE, INC.

NOTES TO FINANCIAL STATEMENTS

Note 5. Promises to Give

Unconditional promises to give at December 31, 2019 are as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>
2020 Campaign	\$ -	\$ 167,149
2019 Campaign	29,470	-
	<u>29,470</u>	<u>167,149</u>
Total gross unconditional promises to give		
Less allowance for uncollectible promises to give:		
2020 Campaign	-	(5,763)
2019 Campaign	-	-
	<u>-</u>	<u>-</u>
Net unconditional promises to give at December 31, 2019	<u>\$ 29,470</u>	<u>\$ 161,386</u>
Amounts due in:		
Less than one year	\$ 29,470	\$ 161,386
One to five years	-	-
	<u>-</u>	<u>-</u>
	<u>\$ 29,470</u>	<u>\$ 161,386</u>

Unconditional promises to give due in more than one year are reflected at the present value of estimated future cash flows using a discount rate of 6% for the 2020 and 2019 campaigns. Known uncollectibles for the 2019 campaign of \$20,736 have been written off. The remaining amount for the 2019 campaign was collected by the audit date, therefore, no allowance was calculated.

Note 6. Investments and Fair Value Measurements

Investments are composed of the following at December 31, 2019:

	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Appreciation (Depreciation)</u>
Equity Securities	\$ 56,843	\$ 58,347	\$ 1,504
	<u>\$ 56,843</u>	<u>\$ 58,347</u>	<u>\$ 1,504</u>

UNITED WAY OF HENRY COUNTY AND MARTINSVILLE, INC.

NOTES TO FINANCIAL STATEMENTS

Note 6. Investments and Fair Value Measurements (Continued)

The Organization adopted accounting standards which established a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. 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 unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 – The asset or liability fair values are based on inputs to the valuation methodology which are unadjusted quoted prices for identical assets or liabilities in active markets such as the NYSE.

Level 2 – The asset or liability fair values are based on observable inputs to the valuation methodology that 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; other inputs that are observable and can be corroborated by observable market data for substantially the full term of the asset or liability by correlation or other means.

Level 3 – The asset or liability fair values are based on other valuation methodologies including pricing models, discounted cash flows models, or similar techniques rather than observable market exchange, broker, or dealer transactions. Thus, these values may require assumptions and estimates.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. All equity securities were classified as Level 1 within the fair value hierarchy at December 31, 2019.

Net investment return is summarized as follows for the year ended December 31, 2019:

Without donor restrictions:

Interest and dividend income	\$ 10,272
Unrealized gain on investments	<u>6,266</u>
	<u>\$ 16,538</u>

UNITED WAY OF HENRY COUNTY AND MARTINSVILLE, INC.

NOTES TO FINANCIAL STATEMENTS

Note 7. Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted as follows at December 31, 2019:

Subject to expenditure for specified purpose:

Smart Beginnings (including donor designations of \$9,492)	\$ 122,197
Financial Stability (including donor designations of \$28,055)	56,459
Nonprofit Leaders Network	495
Donor designations - net (less donor designations for Smart Beginnings & Financial Stability)	<u>57,883</u>
	<u><u>\$ 237,034</u></u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose as follows for the year ended December 31, 2019:

Satisfaction of purpose restrictions:

Educational programs	\$ 749,958
Agency payments	<u>105,045</u>
	<u><u>\$ 855,003</u></u>

Note 8. Functional Expenses

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy and depreciation which are allocated on a square footage basis, as well as salaries and wages, benefits, payroll taxes, professional services, office expenses, insurance, and other, which are allocated on the basis of estimates of time and effort.

Note 9. Overhead Ratio

The overhead ratio is equal to fund-raising, management, and general expenses divided by total campaign support and all other revenue sources. The ratio is calculated below using the Gross Method recommended in "Functional Expense and Overhead Reporting Standards for United Ways," United Way Worldwide, 2011.

UNITED WAY OF HENRY COUNTY AND MARTINSVILLE, INC.

NOTES TO FINANCIAL STATEMENTS

Note 9. Overhead Ratio (Continued)

Numerator:	Supporting services and general	\$ 111,159
Denominator:	Total support and other revenue	1,036,721
	Add: amounts designated for specific agencies (not included in support and revenue)	104,225
	Less: the portion of designations retained as fee revenue	<u>(5,395)</u>
	Amounts raised and other revenue	\$ 1,135,551
Numerator/Denominator expressed as a percent		9.79%

Note 10. Leases

The Organization entered into an agreement in January 2014 to lease office space which expired December 31, 2017. A new office space lease with a three year term began on January 1, 2018 with monthly payments of \$1,575 beginning January 5, 2018, with an option to renew for an additional three years.

The Organization entered into an agreement on November 4, 2019 to lease a second office space on A.L Philpott Highway in Martinsville, VA, beginning January 1, 2020 and ending May 15, 2020, with no monthly payments.

The following is a schedule of future minimum lease payments:

December 31, 2020	\$ 18,900
December 31, 2021	-
December 31, 2022	-
December 31, 2023	-
December 31, 2024 and after	<u>-</u>
Total minimum lease payments required	<u><u>\$ 18,900</u></u>

UNITED WAY OF HENRY COUNTY AND MARTINSVILLE, INC.

NOTES TO FINANCIAL STATEMENTS

Note 11. Endowment Fund

The Board of Directors established an endowment fund during 2016 which may contain both donor-restricted and board-designated funds and may have separately named endowments in each. The board may, at its discretion, reinvest all or any portion of the income generated by the principal of the fund or use all or any portion of the income generated for charitable purposes consistent with the Organization's standing with the Internal Revenue Service. The board may use the principal from any board-designated endowment fund only during a severe economic downturn by a supermajority (two-thirds) vote.

Two board-designated endowment funds were funded during the year ended December 31, 2017. One was funded from contributions received in memoriam of a long-time supporter of the Organization and the other was funded from operating reserves. The total board-designated endowment balance at December 31, 2019 was \$58,347.

Note 12. Prior-Year Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2018, from which the summarized information was derived.

Note 13. Evaluation of Subsequent Events

The United Way has evaluated subsequent events through November 16, 2020, the date the financial statements were available to be issued.

The Organization received \$165,277 in campaign pledges after December 31, 2019 bringing the campaign total to \$592,748.

In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) originated in Wuhan, China, and has since spread to other countries, including the U.S. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, as of March 24, 2020, Virginia Governor Ralph Northam ordered the closure of the physical location of every "non-life sustaining" ["non-essential"] business for an extended period of time. There is still considerable business disruption and the related financial impact and duration cannot be reasonably estimated at this time.

Subsequent to year end, the Organization applied and was approved for a \$57,789 loan that accrues interest at 1% under the Paycheck Protection Program created as part of the relief efforts related to COVID-19 and administered by the Small Business Administration. The Organization is eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements; payments, if any, will be deferred until the amount of forgiveness is determined. The loan is uncollateralized and is fully guaranteed by the Federal government.

SUPPLEMENTARY INFORMATION



Board of Directors
United Way of Henry County
and Martinsville, Inc.
Martinsville, Virginia

INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

We have audited the financial statement of United Way of Henry County and Martinsville, Inc. as of and for the year ended December 31, 2019, and have issued our report thereon dated November 16, 2020, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole.

The schedule of payments to participating agencies is presented for the purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Martinsville, Virginia
November 16, 2020

UNITED WAY OF HENRY COUNTY AND MARTINSVILLE, INC.

SCHEDULE OF PAYMENTS TO PARTICIPATING AGENCIES

Year ended December 31, 2019

See Independent Auditors' Report on Supplementary Information

PAYMENTS TO PARTICIPATING AGENCIES

Adult Day Care Center	\$ 10,279
American Red Cross	18,747
Axton Life Saving Crew	3,193
Bassett Rescue Squad	4,241
Boy Scouts of America	20,000
Boys & Girls Clubs	22,289
Christ Episcopal Church	23,568
Citizens Against Family Violence	27,287
Family YMCA	22,294
Fieldale-Collinsville Rescue Squad	2,679
FOCUS	23,000
Girl Scouts of America	5,833
Grace Network	27,484
Horsepasture Rescue Squad	2,135
MARC Workshop	3,103
Piedmont Community Services	24,582
Piedmont VA Dental Health Foundation	10,000
Ridgeway Rescue Squad	1,975
Salvation Army	14,478
Southern Area Agency on Aging	8,333
Step, Inc.	20,667
Stepping Stones	4,290
Virginia Legal Aid Society	18,667
	<hr/>
Total payments to participating agencies	\$ 319,124