

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

FINANCIAL REPORT

DECEMBER 31, 2018

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UNITED WAY OF HENRY COUNTY AND MARTINSVILLE, INC.

EXECUTIVE COMMITTEE

President
1st Vice-President/Campaign Chair
2nd Vice-President/Co-Campaign Chair
Secretary/Treasurer
Community Investment Chair
Finance Committee Chair
Immediate Past President

Dru Ingram
Michael Scales
Beverly Pitzer
Sebrena Smith
Carolyn Shough
Gary Collins
Monica Hatchett

BOARD OF DIRECTORS

Term Expires in 2018

Robin Campbell
Kathy Draper
Dru Ingram
Sebrena Smith
Dale Wagoner

Gary Collins
Jackie Hughes
Michael Scales
Carolyn Shough

Term Expires in 2019

Ronnie Fultz
Greg Peitz
Jim Tobin
Kathy Vernon

Scott Griffin
Tory Shepherd
Zeb Talley

Term Expires in 2020

Karen Burgess
Monica Hatchett
Latala Hodges
Scott Prilliman
Amanda Cox

Leslie Rakes
Brian Henderson
Beverly Pitzer
Sharon Shepherd

EXECUTIVE DIRECTOR

Philip Wenkstern



Harris, Harvey, Neal & Co., LLP

Certified Public Accountants

231 East Church St. • Fidelity Bank Bldg, 5th Floor • Martinsville, VA 24112
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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, 2018 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 evaluation of 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, 2018, 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 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 12, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Harris Harvey Neal & Co. LLP

Martinsville, Virginia
June 24, 2019

UNITED WAY OF HENRY COUNTY AND MARTINSVILLE, INC.

STATEMENT OF FINANCIAL POSITION
 December 31, 2018 (With Comparative Totals for 2017)
 See Independent Auditors' Report

ASSETS	Without Donor Restrictions	With Donor Restrictions	2018 Total	2017 Total
CURRENT ASSETS				
Cash and cash equivalents	\$ 806,767	\$ 41,647	\$ 848,414	\$ 1,030,637
Unconditional promises to give (net)				
2019 campaign	-	183,166	183,166	241,127
2018 campaign	46,404	-	46,404	39,123
Prepaid expense	3,750	-	3,750	700
Investments	49,435	-	49,435	27,231
Total current assets	<u>906,356</u>	<u>224,813</u>	<u>1,131,169</u>	<u>1,338,818</u>
PROPERTY AND EQUIPMENT				
Property and equipment	86,963	-	86,963	86,963
Less accumulated depreciation	(85,842)	-	(85,842)	(83,626)
Property and equipment, net	<u>1,121</u>	<u>-</u>	<u>1,121</u>	<u>3,337</u>
	<u>\$ 907,477</u>	<u>\$ 224,813</u>	<u>\$ 1,132,290</u>	<u>\$ 1,342,155</u>
LIABILITIES AND NET ASSETS				
LIABILITIES				
Donor designations (net)	\$ 105,045	\$ -	\$ 105,045	\$ 117,993
Deferred revenue - Smart Beginnings	18,748	-	18,748	22,929
Accounts payable	4,717	-	4,717	223
Payroll withholding payable	2,816	-	2,816	3,649
Total current liabilities	<u>131,326</u>	<u>-</u>	<u>131,326</u>	<u>144,794</u>
NET ASSETS				
Without Donor Restrictions:				
Designated for Vision Council	-	-	-	474
Designated for Community Impact	215,424	-	215,424	357,895
Designated for Endowment	49,436	-	49,436	52,234
Operating	511,291	-	511,291	443,578
With Donor Restrictions:				
Purpose restricted	-	224,813	224,813	343,180
Total net assets	<u>776,151</u>	<u>224,813</u>	<u>1,000,964</u>	<u>1,197,361</u>
	<u>\$ 907,477</u>	<u>\$ 224,813</u>	<u>\$ 1,132,290</u>	<u>\$ 1,342,155</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, 2018 (With Comparative Totals for 2017)

See Independent Auditors' Report

	Without Donor Restrictions	With Donor Restrictions	2018 Total	2017 Total
REVENUES, GAINS, AND OTHER SUPPORT				
Campaign applicable to current period				
Contributions collected from prior campaigns	\$ 161,218	\$ -	\$ 161,218	\$ 60,217
Contributions received in prior periods (released from restrictions)	748,089	(748,089)	-	-
Less donor designations (2017-2018)	<u>(105,045)</u>	<u>105,045</u>	<u>-</u>	<u>-</u>
Total contributions for current period	<u>804,262</u>	<u>(643,044)</u>	<u>161,218</u>	<u>60,217</u>
Total amount raised in campaign for next allocation period				
	-	423,129	423,129	574,266
Less donor designations	-	(105,045)	(105,045)	(117,993)
Less allowance for uncollectible	<u>-</u>	<u>(11,315)</u>	<u>(11,315)</u>	<u>(12,592)</u>
Total contributions for next allocation period	<u>-</u>	<u>306,769</u>	<u>306,769</u>	<u>443,681</u>
Total campaign	<u>804,262</u>	<u>(336,275)</u>	<u>467,987</u>	<u>503,898</u>
Other revenue				
Smart Beginnings	-	177,793	177,793	170,106
Investment income	2,936	-	2,936	7,585
Special events	7,700	-	7,700	3,770
Nonprofit Leaders Network	-	3,935	3,935	7,520
Administrative fees retained on amounts designated by donors for specific organizations	7,055	-	7,055	7,171
Financial Stability	-	36,180	36,180	149,976
Worth Carter Memorial contributions	-	-	-	24,145
Operating income	<u>36,438</u>	<u>-</u>	<u>36,438</u>	<u>6,500</u>
Total other revenue	<u>54,129</u>	<u>217,908</u>	<u>272,037</u>	<u>376,773</u>
Total support and revenue	<u>858,391</u>	<u>(118,367)</u>	<u>740,024</u>	<u>880,671</u>

UNITED WAY OF HENRY COUNTY AND MARTINSVILLE, INC.

STATEMENT OF ACTIVITIES
 Year ended December 31, 2018 (With Comparative Totals 2017)
 See Independent Auditors' Report

	<u>Without Donor</u> <u>Restrictions</u>	<u>With Donor</u> <u>Restrictions</u>	<u>2018</u> <u>Total</u>	<u>2017</u> <u>Total</u>
EXPENSES				
Program services				
Community services	822,847	-	822,847	895,545
Total program services	822,847	-	822,847	895,545
Supporting services				
Management and general	62,372	-	62,372	52,336
Fundraising	51,202	-	51,202	69,795
Total supporting services (13.37% of total amounts raised and other revenue (Note 9))	113,574	-	113,574	122,131
Total expenses	936,421	-	936,421	1,017,676
Change in net assets	(78,030)	(118,367)	(196,397)	(137,005)
Net assets, beginning	854,181	343,180	1,197,361	1,334,366
Net assets, ending	<u>\$ 776,151</u>	<u>\$ 224,813</u>	<u>\$1,000,964</u>	<u>\$1,197,361</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, 2018 (With Comparative Totals for 2017)

See Independent Auditors' Report

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (196,397)	\$ (137,005)
Adjustments to reconcile change in net assets to net cash (used in) operating activities:		
Depreciation	2,215	3,362
Unrealized (gain) loss on investments	6,010	(1,248)
Change in operating assets and liabilities:		
Accounts receivable	-	3,000
Unconditional promises to give (net)	50,680	31,192
Prepaid expense	(3,050)	(700)
Deferred revenue	(4,181)	1,926
Donor designations	(12,948)	(17,958)
Accounts payable	4,494	(4,318)
Payroll withholdings payable	<u>(834)</u>	<u>2,268</u>
Net cash (used in) operating activities	<u>(154,011)</u>	<u>(119,481)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	<u>(28,213)</u>	<u>(25,983)</u>
Net cash (used in) investing activities	<u>(28,213)</u>	<u>(25,983)</u>
Net (decrease) in cash and cash equivalents	(182,224)	(145,464)
Cash and cash equivalents at beginning of year	<u>1,030,637</u>	<u>1,176,101</u>
Cash and cash equivalents at end of year	<u>\$ 848,413</u>	<u>\$ 1,030,637</u>
SUPPLEMENTAL DISCLOSURES OF CASH AND CASH FLOW INFORMATION		
Interest	<u>\$ -</u>	<u>\$ -</u>
Income taxes	<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, 2018 (With Comparative Totals for 2017)

See Independent Auditors' Report

	Program Services		Supporting Services		2018 Total	2017 Total
	Community Services	Management and General		Fundraising		
Salaries - executive director	\$ 27,244	\$ 21,190	\$ 12,107		\$ 60,541	\$ 56,137
Salaries - staff	24,176	9,932	18,210		52,318	54,995
Employee health and retirement benefits	10,066	6,093	5,935		22,094	37,223
Payroll taxes	3,771	2,282	2,223		8,276	8,406
Total salaries and related expenses	65,257	39,497	38,475		143,229	156,761
Office expense	994	166	165		1,325	1,862
Telephone	1,085	181	181		1,447	934
Dues and subscriptions	135	23	22		180	180
Postage and shipping	1,086	181	181		1,448	878
Office equipment maintenance	1,672	279	279		2,230	4,058
Campaign expenses	-	-	9,415		9,415	12,098
Travel and conferences	2,444	407	407		3,258	1,386
Professional fees	-	15,200	-		15,200	14,700
Insurance	-	3,025	-		3,025	2,881
Occupancy	6,625	1,104	1,104		8,833	10,480
Website	525	88	87		700	950
Participating agency payments - allocations	387,880	-	-		387,880	407,099
Smart Beginnings	230,907	-	-		230,907	247,456
United Way of America dues	9,170	-	-		9,170	9,162
Financial Stability Initiative	76,747	-	-		76,747	129,694
Nonprofit Leaders Network	11,902	-	-		11,902	4,888
Carter Bridges Out of Poverty	18,568	-	-		18,568	-
PUP Grant	6,517	-	-		6,517	-
Pledges to other United Ways	447	-	-		447	7,400
Miscellaneous	-	1,778	-		1,778	1,447
Total expenses before depreciation	756,704	22,432	11,841		790,977	857,553
Depreciation	886	443	886		2,215	3,362
Total functional expenses	\$ 822,847	\$ 62,372	\$ 51,202		\$ 936,421	\$1,017,676

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 2018 amounted to \$2,215.

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, 2018 consists of the following:

BB&T - checking & savings	\$	30,470
SunTrust Bank - checking		83,067
Carter Bank & Trust - money market account		102,241
Hometrust Bank - business money market account		127,471
Stifel Nicolaus - The Worth Harris Carter Jr. Endowment Fund		1
Certificates of deposit:		
Carter Bank & Trust		142,110
Fidelity Bank		39,714
Blue Ridge Bank		107,645
Martinsville First Savings Bank		105,522
American National Bank		<u>110,173</u>
Total cash and cash equivalents	\$	<u>848,414</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, 2018, the Organization's uninsured cash balance totaled \$0.

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	\$	848,414
Unconditional promises to give, net		229,570
Investments		49,435
Less: Amounts with donor restrictions		(224,813)
Amounts board-designated for community impact		(215,424)
Amounts board-designated for endowment		<u>(49,436)</u>
Financial assets available to meet cash needs for general expenditures within one year	\$	<u><u>637,746</u></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, 2018 were \$3,520.

UNITED WAY OF HENRY COUNTY AND MARTINSVILLE, INC.

NOTES TO FINANCIAL STATEMENTS

Note 5. Promises to Give

Unconditional promises to give at December 31, 2018 are as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>
2019 Campaign	\$ -	193,815
2018 Campaign	<u>47,070</u>	<u>-</u>
Total gross unconditional promises to give	<u>47,070</u>	<u>193,815</u>
Less allowance for uncollectible promises to give:		
2019 Campaign	-	(10,649)
2018 Campaign	<u>(666)</u>	<u>-</u>
Net unconditional promises to give at December 31, 2018	<u>\$ 46,404</u>	<u>\$ 183,166</u>
Amounts due in:		
Less than one year	\$ 46,404	\$ 183,166
One to five years	<u>-</u>	<u>-</u>
	<u>\$ 46,404</u>	<u>\$ 183,166</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 2019 and 2018 campaigns. Known uncollectibles for the 2018 campaign of \$14,331 have been written off.

Note 6. Investments and Fair Value Measurements

Investments are composed of the following at December 31, 2018:

	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Appreciation (Depreciation)</u>
Equity Securities	\$ 54,196	49,435	\$ (4,761)
	<u>\$ 54,196</u>	<u>\$ 49,435</u>	<u>\$ (4,761)</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, 2018.

Net investment return is summarized as follows for the year ended December 31, 2018:

Unrestricted:

Interest and dividend income	8,946
Unrealized (loss) on investments	<u>(6,010)</u>
	<u>\$ 2,936</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, 2018:

Subject to expenditure for specified purpose:

Smart Beginnings (including donor designations of \$19,828)	\$ 118,763
Financial Stability (including donor designations of \$24,581)	42,184
Nonprofit Leaders Network	3,230
Donor designations - net (less donor designations for Smart Beginnings & Financial Stability)	<u>60,636</u>
	<u>\$ 224,813</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose as follows for the year ended December 31, 2018:

Satisfaction of purpose restrictions	
Educational programs	\$ 630,095
Agency payments	<u>117,993</u>
	<u>\$ 748,088</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	\$	113,574
Denominator:	Total support and other revenue		740,024
	Add: amounts designated for specific agencies (not included in support and revenue)		116,421
	Less: the portion of designations retained as fee revenue		<u>(7,056)</u>
	Amounts raised and other revenue	\$	849,389
Numerator/Denominator expressed as a percent			13.37%

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 beginning January 1, 2018 to lease a second office space on Liberty Street in Martinsville, VA for one year ending December 31, 2018 with monthly payments of \$100.

The following is a schedule of future minimum lease payments:

December 31, 2019	\$	18,900
December 31, 2020		18,900
December 31, 2021		-
December 31, 2022		-
December 31, 2023 and after		<u>-</u>
Total minimum lease payments required		<u>\$ 37,800</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, 2018 was \$49,435.

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, 2017, from which the summarized information was derived.

Note 13. Evaluation of Subsequent Events

The United Way has evaluated subsequent events through June 24, 2019, the date the financial statements were available to be issued.

The Organization received \$160,302 in campaign pledges after December 31, 2018 bringing the campaign total to \$583,430.

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, 2018, and have issued our report thereon dated June 24, 2019, 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.

Harris Harvey Neal & Co. LLP

Martinsville, Virginia
June 24, 2019

UNITED WAY OF HENRY COUNTY AND MARTINSVILLE, INC.

SCHEDULE OF PAYMENTS TO PARTICIPATING AGENCIES

Year ended December 31, 2018

See Independent Auditors' Report on Supplementary Information

PAYMENTS TO PARTICIPATING AGENCIES

Adult Day Care Center	\$ 10,558
American Red Cross	15,766
Anchor Commission	11,982
Axton Life Saving Crew	2,586
Bassett Rescue Squad	4,928
Boy Scouts of America	30,000
Boys & Girls Clubs	21,388
Christ Episcopal Church	30,470
Citizens Against Family Violence	31,240
Family YMCA	31,192
Fieldale-Collinsville Rescue Squad	3,162
FOCUS	25,000
Girl Scouts of America	7,500
Grace Network	35,000
Horsepasture Rescue Squad	1,812
MARC Workshop	6,539
Piedmont Community Services	26,164
Piedmont VA Dental Health Foundation	10,000
Ridgeway Rescue Squad	2,523
Salvation Army	23,083
Southern Area Agency on Aging	16,667
Step, Inc.	23,333
Stepping Stones	6,580
Virginia Legal Aid Society	<u>20,167</u>
Total payments to participating agencies	<u>\$ 397,640</u>