

UNITED WAY OF GREATER TEXARKANA, INC.

**FINANCIAL STATEMENTS
AND SUPPLEMENTAL INFORMATION**

DECEMBER 31, 2019 AND 2018

(WITH INDEPENDENT AUDITOR'S REPORT THEREON)

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INDEPENDENT AUDITOR'S REPORT

Board of Directors of the
United Way of Greater Texarkana, Inc.
Texarkana, Texas

We have audited the accompanying financial statements of United Way of Greater Texarkana, Inc. (United Way) which comprise the statements of financial position as of December 31, 2019 and 2018, and the related statements of activities, cash flows, and functional expenses 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. 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 United Way of Greater Texarkana, Inc. as of December 31, 2019 and 2018, and the changes in its net assets, cash flows and functional expenses for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Correction of Error

As discussed in Note A to the financial statements, certain errors resulting in understatement of amounts previously reported for accounts receivables and revenues as of December 31, 2018, were discovered during the current year. Accordingly, amounts reported for accounts receivable and revenue have been restated in the 2018 financial statements now presented, and an adjustment has been made to net assets as of December 31, 2018, to correct the error. Our opinion is not modified with respect to that matter.

Other Matters

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of allocations to agencies on page 18 are presented for purposes of additional analysis and are 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.


CERTIFIED PUBLIC ACCOUNTANTS

Texarkana, Texas
May 8, 2020

FINANCIAL STATEMENTS

UNITED WAY OF GREATER TEXARKANA, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31,

	2019	2018
Assets		
Current Assets		
Cash and Cash Equivalents	\$ 270,561	\$ 313,813
Investments - Other	378,226	348,887
Unconditional Promises to Give, Net of Reserve for Uncollectibles	147,706	278,239
Prepaid Assets	1,591	1,591
Other Assets	-	189
Total Current Assets	798,084	942,719
Non-Current Assets		
Investment in Marketable Securities (Available for Sale)	2,324,890	2,048,536
Beneficial Interest In Assets Held by the Arkansas Community Foundation	236,484	201,797
Land, Building and Equipment, Net of Accumulated Depreciation	19,735	14,949
Total Non-Current Assets	2,581,109	2,265,282
Total Assets	3,379,193	3,208,001
Liabilities and Net Assets		
Current Liabilities		
Accounts Payable	-	31
Payroll Liabilities	3,974	3,476
Other Liabilities	1,311	-
Allocations Payable	540,000	503,000
Total Current Liabilities	545,285	506,507
Total Liabilities	545,285	506,507
Net Assets:		
Without Donor Restrictions	2,403,596	2,008,626
With Donor Restrictions	430,312	692,868
Total Net Assets	2,833,908	2,701,494
Total Liabilities and Net Assets	\$ 3,379,193	\$ 3,208,001

The accompanying notes are an integral part of these financial statements.

UNITED WAY OF GREATER TEXARKANA, INC.

**STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31,**

	2019	2018
Changes in Net Assets Without Donor Restrictions		
Revenues and Gains:		
Contributions	204,609	168,568
Fundraising	37,035	34,536
Interest and Dividends on Investments	55,393	141,907
Net Realized and Unrealized (Loss)/Gain on Investments	341,462	(274,439)
Campaign Event Income	91,969	36,011
Miscellaneous	5,393	4,847
Total Revenues and Gains Without Donor Restrictions	735,861	111,430
Net Assets Released from Restrictions		
Satisfaction of Timing Restrictions	481,071	397,756
Total Assets Released from Restrictions	481,071	397,756
Total Revenue, Gains, and Other Support Without Donor Restrictions	1,216,932	509,186
Expenses:		
Program Services -		
Allocations to Agencies/Mini-Grant Payments and Special Distributions	542,737	507,048
Stuff the Bus	20,142	18,271
Imagination Library	1,077	1,107
Supporting Services -		
Management and General	219,332	201,686
Fund Raising	38,674	35,684
Total Expenses	821,962	763,796
Increase (Decrease) in Net Assets Without Donor Restrictions	394,970	(254,610)
Changes in Net Assets With Donor Restrictions		
Contributions	183,828	481,071
Change in Beneficial Interest in Assets Held by Arkansas Community Foundation	34,687	(15,296)
Net Assets Released from Restrictions	(481,071)	(397,756)
Increase (Decrease) in Net Assets With Donor Restrictions	(262,556)	68,019
Increase (Decrease) in Net Assets	132,414	(186,591)
Net Assets at Beginning of Year	2,701,494	2,888,085
Net Assets at End of Year	\$ 2,833,908	\$ 2,701,494

The accompanying notes are an integral part of these financial statements.

UNITED WAY OF GREATER TEXARKANA, INC.

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31,

	2019	2018
Cash Flows from Operating Activities:		
Cash Support Collected	\$ 653,367	\$ 824,786
Cash Paid to Agencies, Employees and Suppliers	(779,056)	(787,144)
Interest and Dividends Received	55,393	141,907
Net Cash Provided (Used) by Operating Activities	(70,296)	179,549
Cash Flows from Investing Activities:		
Sales and Maturities of Marketable Securities	116,077	221,869
Purchases of Marketable Securities	(50,969)	(302,233)
Sales and Maturities of Investments - Other	12,690	-
Purchases of Investments - Other	(42,029)	(74,385)
Purchase of Fixed Assets	(8,725)	(2,336)
Net Cash Used by Investing Activities	27,044	(157,085)
Net Increase (Decrease) in Cash and Cash Equivalents	(43,252)	22,464
Cash and Cash Equivalents at Beginning of Year	313,813	291,349
Cash and Cash Equivalents at End of Year	\$ 270,561	\$ 313,813
Reconciliation of Increase (Decrease) in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Increase (Decrease) in Net Assets	\$ 132,414	\$ (186,591)
Adjustment to Reconcile Increase (Decrease) in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation	3,938	3,371
Net Realized and Unrealized Investment Loss/(Gains)	(376,149)	289,735
Changes in Assets and Liabilities:		
(Increase) Decrease in Unconditional Promises to Give	130,533	99,753
Increase (Decrease) in Accounts Payable	(31)	(41)
Increase (Decrease) in Payroll Liabilities	499	(49)
Increase (Decrease) in Other Liabilities	1,500	(189)
Increase (Decrease) in Allocations Payable	37,000	(978)
Increase (Decrease) in CFC Allocations Payable	-	(25,462)
Net Cash Provided (Used) by Operating Activities	\$ (70,296)	\$ 179,549

The accompanying notes are an integral part of these financial statements.

UNITED WAY OF GREATER TEXARKANA, INC.

**STATEMENT OF FUNCTIONAL EXPENSES
DECEMBER 31, 2019**

	Program Services		Supporting Services		Total Expenses	
	Stuff a Bus	Imagination Library	Agency Allocations	Management and General		Fund Raising
Agency Allocations/Mini-Grant Payments and Special Distributions	\$ 3,000	\$ -	\$ 542,737	\$ -	\$ -	\$ 545,737
Annual Campaign Expenses	-	-	-	-	30,113	30,113
Battle on the Border Expense	-	-	-	-	8,561	8,561
Imagination Library Expense	-	1,077	-	-	-	1,077
Advertising	-	-	-	4,443	-	4,443
Conferences, Conventions and Meetings	-	-	-	1,287	-	1,287
Depreciation of Buildings and Equipment	-	-	-	3,938	-	3,938
Fringe Benefits	-	-	-	11,633	-	11,633
Insurance	-	-	-	3,852	-	3,852
Maintenance of Building and Grounds	-	-	-	3,001	-	3,001
Membership Dues	-	-	-	9,100	-	9,100
Miscellaneous	-	-	-	10,043	-	10,043
Office Supplies	-	-	-	4,233	-	4,233
Payroll Taxes	-	-	-	10,565	-	10,565
Postage	-	-	-	644	-	644
Printing and Publications	-	-	-	656	-	656
Professional Services	-	-	-	9,238	-	9,238
Salaries	-	-	-	134,782	-	134,782
Stuff a Bus	17,142	-	-	-	-	17,142
Telephone	-	-	-	4,358	-	4,358
Travel	-	-	-	2,571	-	2,571
Utilities	-	-	-	4,988	-	4,988
Total Expenses	\$ 20,142	\$ 1,077	\$ 542,737	\$ 219,332	\$ 38,674	\$ 821,962

The accompanying notes are an integral part of these financial statements.

UNITED WAY OF GREATER TEXARKANA, INC.

STATEMENT OF FUNCTIONAL EXPENSES

DECEMBER 31, 2018

	Program Services		Supporting Services		Total Expenses	
	Stuff a Bus	Imagination Library	Agency Allocations	Management and General		Fund Raising
Agency Allocations/Mini-Grant Payments and Special Distributions	\$ 3,000	\$ -	\$ 507,048	\$ -	\$ -	\$ 510,048
Annual Campaign Expenses	-	-	-	-	24,065	24,065
Combined Federal Campaign Expenses	-	-	-	-	5,395	5,395
Battle on the Border Expense	-	-	-	-	6,224	6,224
Imagination Library Expense	-	1,107	-	-	-	1,107
Advertising	-	-	-	2,395	-	2,395
Conferences, Conventions and Meetings	-	-	-	2,710	-	2,710
Depreciation of Buildings and Equipment	-	-	-	3,371	-	3,371
Fringe Benefits	-	-	-	11,100	-	11,100
Insurance	-	-	-	3,960	-	3,960
Maintenance of Building and Grounds	-	-	-	1,543	-	1,543
Membership Dues	-	-	-	8,381	-	8,381
Miscellaneous	-	-	-	8,594	-	8,594
Office Supplies	-	-	-	5,684	-	5,684
Payroll Taxes	-	-	-	9,735	-	9,735
Postage	-	-	-	373	-	373
Printing and Publications	-	-	-	612	-	612
Professional Services	-	-	-	6,545	-	6,545
Salaries	-	-	-	126,859	-	126,859
Stuff a Bus	15,271	-	-	-	-	15,271
Telephone	-	-	-	4,822	-	4,822
Travel	-	-	-	1,758	-	1,758
Utilities	-	-	-	3,244	-	3,244
Total Expenses	\$ 18,271	\$ 1,107	\$ 507,048	\$ 201,686	\$ 35,684	\$ 763,796

The accompanying notes are an integral part of these financial statements.

UNITED WAY OF GREATER TEXARKANA, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 and 2018

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Nature of Organization

United Way is a not-for-profit corporation which is exempt from income taxes under the provisions of Internal Revenue Code Section 501(c)(3) and is not a private foundation. United Way provided annual support to twenty-six and twenty-three member agencies in 2019 and 2018, respectively, by way of contributions solicited and received from the public.

2. Net Assets with Donor Restrictions

United Way contributions to the Arkansas Community Foundation are permanently restricted by contract to be maintained by the Foundation in perpetuity and controlled by independent parties.

Earnings on the assets representing a Beneficial Interest in the Arkansas Community Foundation potentially may be used as grants to the United Way and are therefore considered to be temporarily restricted even though the contributions to the Foundation are permanently restricted. United Way also recognizes that contributions received for the campaign initiated in the current year are temporarily restricted assets since expenses associated with that campaign will be incurred in the subsequent year.

3. Basis of Land, Building and Equipment

Contributed property and equipment is recorded at fair value at the date of donation. Purchased furniture, equipment and building improvements are recorded at cost. Land, building and equipment with a cost or donated value of \$500 or more are capitalized and general repairs and maintenance are charged to expenses as incurred.

4. Depreciation

Depreciation is provided over the estimated useful lives of assets using the straight-line method. The estimated useful lives are as follows:

Furniture and Equipment	5-10 Years
Computer Software	5 Years
Building Improvements	10-20 Years

5. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The most significant estimate included in the financial statements is the allowance for uncollectable unconditional promises to give. Management bases these estimates on historical experience and other assumptions believed to be reasonable under the circumstances.

UNITED WAY OF GREATER TEXARKANA, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 and 2018

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

6. Financial Statement Presentation

United Way has adopted Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 - Accounting for Not-for-Profit Entities. This statement requires United Way to report information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions. Pledges for future periods are restricted when made and are released from restriction in the year for which they were made. United Way's contributions to a beneficial interest in assets held by the Arkansas Community Foundation will be classified as donor restricted indefinitely.

7. Cash and Cash Equivalents

For purposes of the statements of cash flows, United Way considers all unrestricted highly liquid investments purchased with an initial maturity of three months or less to be cash equivalents. There were no cash equivalents as of December 31, 2019 and 2018.

8. Investments – Other

Certificates of deposit held for investment that are not debt securities and are purchased with original maturities greater than three months are included in Investments – Other. These investments are stated at cost, which approximates fair value.

9. Fair Value

Current year promises to give and related revenues are reported at estimated fair values of \$147,705 and \$243,126 for 2019 and 2018, respectively, which is net of estimated uncollectible promises to give. The United Way's investments consist of certificates of deposit that are reported at cost, which approximates fair value, and marketable securities which are reported at fair value as determined by quoted market prices.

10. Valuation of Investments

FASB ASC 820 - *Fair Value Measurement* requires that investments in financial and nonfinancial assets be reported in a hierarchy which includes the following three different levels:

Level I – Assets are based on quoted prices (unadjusted) in active markets for identical assets or liabilities that United Way has the ability to access at year end.

Level II – Assets are based on other than quoted prices or adjusted quoted prices of similar assets or liabilities in markets that are not active.

Level III – Assets are based on unobservable inputs which reflect United Way's own assumptions about the asset or liabilities.

The fair value hierarchy gives the highest priority to Level I assets and the lowest priority to Level III assets.

UNITED WAY OF GREATER TEXARKANA, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 and 2018

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

11. Beneficial Interest in Assets Held by the Arkansas Community Foundation

The Beneficial Interest in Assets Held by the Arkansas Community Foundation is stated at estimated fair value based on United Way’s share of the Foundation’s underlying assets, with the appropriate income or loss (including unrealized market value gains and losses) recognized in the statement of activities.

12. Compensated Absences

Employees of United Way are entitled to paid vacation and sick days. It is impractical to estimate the amount of compensation for future absences, and accordingly, no liability has been recorded in the accompanying financial statements. The United Way’s policy is to recognize the costs of compensated absences when actually paid to employees.

13. Contributed Services

No amounts have been reflected in the financial statements for donated services. United Way generally pays for services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist United Way, but these services do not meet the criteria for recognition as contributed services.

14. Restatement of Financial Statements

The December 31, 2018 financial statements have been restated to reflect the impact of correcting prior year campaign receivables at December 31, 2018 due to computer reporting errors discovered during the current year. Net assets at the beginning of 2019 have been adjusted for receivables and revenue recognized in error in the year ended 2018. The correction has no effect on the results of the current year’s activities; however, the cumulative effect increases beginning net assets for 2019 by \$35,113. Previously issued financial statements have been restated to correct this error.

The effect of the restatement on the change in net assets and financial position as of and for the year ended December 31, 2018 is as follows:

Previously Reported Net Assets	\$ 2,666,381
 Items Increasing Previous Year Receivables and Revenues:	
2019 Campaign Receivables and Revenues Added	24,468
2018 Campaign Receivables and Revenues Added	10,645
	35,113
 Total Increase in Previously Stated Net Assets	 35,113
 Restated Net Assets Reported	 \$ 2,701,494

UNITED WAY OF GREATER TEXARKANA, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 and 2018

NOTE B - INVESTMENT IN MARKETABLE SECURITIES

Fair Value of investments in marketable securities (based on quoted market prices) is as follows:

Level I Investments:	2019	2018
U. S. Government Agencies	\$ 35,240	\$ 34,824
Money Market Mutual Funds	51,074	160,399
Equity Mutual Funds	469,165	356,708
Fixed Income Mutual Funds	187,135	179,683
Corporate Bonds	456,063	428,144
Mutual of America Institutional Funds	1,126,213	888,777
 Total Investments in Marketable Securities	 \$ 2,324,890	 \$ 2,048,536

NOTE C - INVESTMENTS - OTHER

United Way's investments included certificates of deposit with original maturities greater than three months totaling \$378,226 and \$348,887 as of December 31, 2019 and 2018, respectively. These investments are carried at cost, which approximates fair value.

NOTE D - BENEFICIAL INTEREST IN ASSETS OF THE ARKANSAS COMMUNITY FOUNDATION

In 2000, the United Way established the United Way of Greater Texarkana Endowment with the Arkansas Community Foundation, Inc. The Endowment had operations as follows during the years ended December 31, 2019 and 2018:

	2019	2018
Level III Investments		
Investment Balance - January 1,	\$ 201,797	\$ 217,093
Investment Earnings	5,631	4,275
Realized Gain on Sale of Investments	511	1,985
Unrealized (Loss)/Gain on Investments	30,737	(19,384)
Expenses	(2,192)	(2,172)
Net Gain / (Loss)	34,687	(15,296)
Investment Balance - December 31,	\$ 236,484	\$ 201,797

UNITED WAY OF GREATER TEXARKANA, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 and 2018

NOTE E - UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give as of December 31, 2019 and 2018, consisted of the following by campaign year:

	2019	2018
2017 Unconditional Promises to Give	\$ -	\$ 47,212
2018 Unconditional Promises to Give	100,004	124,851
2019 Unconditional Promises to Give	79,142	274,388
2020 Unconditional Promises to Give	138,564	-
	<u>317,710</u>	<u>446,451</u>
Gross Unconditional Promises to Give		
2017 Reserve for Uncollectible Promises to Give	-	(47,212)
2018 Reserve for Uncollectible Promises to Give	(100,004)	(65,000)
2019 Reserve for Uncollectible Promises to Give	(40,000)	(56,000)
2020 Reserve for Uncollectible Promises to Give	(30,000)	-
	<u>(170,004)</u>	<u>(168,212)</u>
Total Reserve for Uncollectible Promises to Give		
Net Unconditional Promises to Give	<u>\$ 147,706</u>	<u>\$ 278,239</u>

Unconditional promises to give are expected to be received within one year.

NOTE F - LAND, BUILDING AND EQUIPMENT, NET OF ACCUMULATED DEPRECIATION

Property and equipment as of December 31, 2019 and 2018, is summarized as follows:

	2019	2018
Land	\$ 900	\$ 900
Buildings and Improvements	48,525	39,800
Computer Software	16,619	16,619
Furniture and Equipment	33,143	33,143
	<u>99,187</u>	<u>90,462</u>
Less Accumulated Depreciation	(79,452)	(75,513)
	<u>\$ 19,735</u>	<u>\$ 14,949</u>

NOTE G - ALLOCATION TO AGENCIES

All special appropriations by the Board are included in the allocations to agencies. The United Way begins its campaigns in the fall and continues to receive pledges until the spring of the subsequent year. In October of 2019, the United Way determined the allocations to the agencies and began the four quarterly payments in January of the subsequent year.

UNITED WAY OF GREATER TEXARKANA, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 and 2018

NOTE H – NET ASSETS WITHOUT DONOR RESTRICTIONS - BOARD DESIGNATIONS

Community Grants and Contingencies - The Board periodically designates funds for community grants and contingencies. Activity within these designated funds is as follows for the years ended December 31, 2019 and 2018:

	2019	2018
Beginning Balance	\$ 246,554	\$ 246,554
Contingency Designation	-	-
Grants Designation	-	-
Ending Balance	\$ 246,554	\$ 246,554

Repair and Maintenance of Equipment - Periodically the Board designates funds for repairs and maintenance of equipment. Activity within these designated funds is as follows for the years ended December 31, 2019 and 2018:

	2019	2018
Beginning Balance	\$ 15,115	\$ 15,115
Annual Designation	-	-
Ending Balance	\$ 15,115	\$ 15,115

NOTE I – ENDOWMENT FUNDS (SPENDING POLICY)

The United Way’s endowment funds include donor restricted funds. As required by generally accepted accounting principles (GAAP), net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The United Way has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment fund absent explicit donor stipulations to the contrary. As a result of this interpretation, the United Way classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of the subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment fund made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The permanent endowment funds stay permanently restricted and are not appropriated for expenditure. The United Way allows annual grants to be paid to the extent of available temporarily restricted funds.

UNITED WAY OF GREATER TEXARKANA, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 and 2018

NOTE I – ENDOWMENT FUNDS (SPENDING POLICY) (CONTINUED)

In accordance with UPMIFA, the organization considers the following factors in making a determination to appropriate or accumulate unrestricted endowment funds:

- The duration and preservation of the fund
- The purposes of the Foundation and the endowment fund
- General economic conditions
- The expected total return from income and the appreciation of investments
- Other resources of the foundation

The permanently restricted funds, held by the Arkansas Community Foundation, Inc., have a spending rate policy that allows the United Way to annually grant a certain percentage of the assets for agency allocations. The United Way incorporates the “prudent investment rule” in all of its investment considerations and the “total return” concept for distributions. Under the “total return” concept, any distribution may be more or less than the actual income earned. The current spending rate policy provides an annual distribution of 5% of the fund’s average market value of the previous twelve trailing quarters. This practice is designed to take into consideration the fluctuations between high and low market levels over a period of time.

Endowment net assets composition by type of fund as of:

	<u>Net Assets With Donor Restrictions</u>
December 31, 2019	
Donor-restricted Endowment Funds	<u>\$ 236,484</u>
Total	<u><u>\$ 236,484</u></u>
December 31, 2018	
Donor-restricted Endowment Funds	<u>\$ 201,797</u>
Total	<u><u>\$ 201,797</u></u>

UNITED WAY OF GREATER TEXARKANA, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 and 2018

NOTE I – ENDOWMENT FUNDS (SPENDING POLICY) (CONTINUED)

Changes in Endowment net assets are as follows:

	Net Assets With Donor Restrictions
Endowment Net Assets at December 31, 2017	\$ 217,093
Investment Return:	
Investment Income (Loss)	(15,296)
Contributions	-
Total Investment Change	(15,296)
Endowment Net Assets at December 31, 2018	\$ 201,797
Investment Return:	
Investment Income (Loss)	34,687
Contributions	-
Total Investment Change	34,687
Endowment Net Assets at December 31, 2019	\$ 236,484

NOTE J - RETIREMENT PLAN

The United Way offers a Section 403(b) deferred tax-sheltered annuity retirement plan to qualified participants. Contributions to the plan were \$8,316 and \$8,173 during the years ended December 31, 2019 and 2018, respectively.

NOTE K - CONCENTRATION OF CREDIT RISKS

United Way of Greater Texarkana, Inc. maintains cash and certificates of deposit balances at several financial institutions located in Texarkana. Accounts at each institution are covered by the Federal Deposit Insurance Corporation (FDIC) or, for credit unions, the National Credit Union Association (NCUA) up to a maximum of \$250,000. Cash and certificates of deposit balances in excess of the insured amounts are \$51,427 and \$28,878 as of December 31, 2019 and 2018. The United Way's investments in marketable securities (mutual funds, government securities, and corporate bonds) of \$2,324,890 and \$2,048,536 at December 31, 2019 and 2018, respectively, are at risk for market fluctuations. Promises to give balances represent promises to give from businesses and individuals in the Texarkana area. The collection of these balances is dependent upon fulfillment of these promises.

UNITED WAY OF GREATER TEXARKANA, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 and 2018

NOTE L – COMBINED FEDERAL CAMPAIGN

The United Way, as the Principal Combined Fund Organization (PCFO) of the Combined Federal Campaign (CFC), maintained the accounting records and administered all funds received in support of the CFC program. At December 31, 2019 and 2018, the CFC bank accounts maintained by the United Way held balances of \$0, representing collection of funds for the CFC which were payable to CFC agencies. As of July 2018, the United Way is no longer acting as an agent for the CFC.

The United Way had complete control over the CFC funds and related liabilities and included those accounts in the United Way's financial statements as cash or cash equivalents and allocations payable. Deposits to the CFC account were \$0 and \$10,533 during 2019 and 2018, respectively, out of which payments to agencies were made in the amount of \$0 and \$36,017 during 2019 and 2018, respectively. CFC payments to United Way were \$0 for 2019 and 2018. CFC expenses incurred by United Way were \$0 for 2019 and 2018.

NOTE M - INCOME TAXES

The organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, except on net income derived from unrelated business activities. United Way does not have any unrelated business activity income for 2019 or 2018. The Organization's federal Exempt Organization Tax Returns (Form 990) for 2018, 2017, and 2016 are subject to examination by the IRS, generally for three years after they were filed.

NOTE N – RECLASSIFICATIONS

Certain accounts relating to the prior year have been reclassified to conform to the current year presentation. The reclassifications have no effect on previously reported net income.

NOTE O – SUBSEQUENT EVENTS

FASB ASC 855 - *Subsequent Events*, requires disclosure of the date through which the Organization has evaluated subsequent events, accordingly, the United Way has evaluated subsequent events through May 8, 2020, the date the financial statements were available, and has determined that no subsequent event disclosures are necessary.

UNITED WAY OF GREATER TEXARKANA, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 and 2018

NOTE P – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The table below reflects the organization’s financial assets as of the balance sheet date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date.

	<u>2019</u>	<u>2018</u>
Financial assets at year-end	3,357,865	3,156,160
Less those available for general expenditures within one year, due to:		
Donor-restricted to payment and activity of the Arkansas Community Foundation Endowment Fund	236,484	201,797
Donor-restricted to use for expenditures related to the subsequent campaign year	183,828	481,071
Other donor-restrictions	10,000	10,000
Donor-restricted to use for funding allocations payable	540,000	503,000
Board-designated restrictions for Community Grant & Contingencies	246,554	246,554
Board-designated restrictions for repair & maintenance	15,115	15,115
Financial assets available to meet cash needs for general expenditure within one year	<u>\$ 2,125,884</u>	<u>\$ 1,698,623</u>

SUPPLEMENTAL INFORMATION

UNITED WAY OF GREATER TEXARKANA, INC.
SCHEDULES OF ALLOCATIONS TO AGENCIES
DECEMBER 31,

	2019	2018
Allocations to Agencies:		
ATCOG	\$ 6,600	\$ 6,000
Caddo Area Council Boy Scouts	14,000	13,565
CASA Court Appointed Special Advocates	35,000	35,000
Clarksville Boys and Girls Club	5,000	-
Community Healthcore	6,050	5,500
Conifer Girl Scout Council	-	2,025
Domestic Violence Prevention, Inc.	22,000	22,000
For the Sake of One	2,750	2,500
Habitat for Humanity	6,900	4,000
Harvest of Texarkana	25,200	25,200
Miller-Bowie Literacy Council	21,000	21,000
Miller County Senior Center	5,000	-
Opportunities, Inc.	69,850	69,850
P.R.I.D.E. (Personal Responsibility in Daily Effort) Academy	17,650	16,500
Randy Sams Homeless Shelter	41,000	40,111
Resources for the Disabled	66,355	60,324
Runnin WJ Ranch	40,000	40,000
Salvation Army	11,000	10,000
Senior Citizens Services	35,281	34,200
Shelter Agencies For Families	5,000	-
Temple Memorial Treatment Center	42,900	39,000
Texarkana Friendship Center	19,388	17,625
Texarkana Noon Lions Club	1,000	-
Texarkana Regional Center on Aging	5,796	5,300
Therapeutic Foster Program	13,500	13,500
TRAHC Artsmart CAN	21,780	19,800
	\$ 540,000	\$ 503,000
Mini Grants:		
Emergency Food and Shelter	2,737	4,048
Total Allocations to Agencies and Mini Grants	\$ 542,737	\$ 507,048