

HIGH COUNTRY UNITED WAY, INC.  
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JUNE 30, 2019

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## INDEPENDENT AUDITOR'S REPORT

To The Board of Directors  
High Country United Way, Inc.  
Boone, NC 28607

### **Report On The Financial Statements**

We have audited the accompanying financial statements of High Country United Way (a nonprofit organization), which comprise the statement of financial position as of June 30, 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.

### **Auditor's 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 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 High Country United Way as of June 30, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matter**

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The schedule of grants and other assistance to organizations on page 14 is presented for 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.

### **Report on Summarized Comparative Information**

We have previously audited High Country United Way, Inc.'s 2018 financial statements, and our report dated November 16, 2018, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived before the adjustments to adopt ASU 2016-14. As part of our audit of the 2019 financial statements, we also audited the adjustments described in Note 2 that were applied to adopt ASU No. 2016-14 retrospectively in the 2018 financial statements. In our opinion, such adjustments are appropriate and have been properly applied.

Virginia Staton CPA PC

Boone, NC  
December 10, 2019

**HIGH COUNTRY UNITED WAY, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**June 30, 2019**  
**With Comparative Totals for 2018**

<b>Assets</b>	<u>2019</u>	<u>2018</u>
<b>Current Assets</b>		
Cash and cash equivalents	\$ 307,653	\$ 349,004
Pledges receivable, net of allowance for uncollectible accounts of \$12,000	218,962	159,759
Sales tax refunds receivable	135	128
Prepaid expenses	<u>2,584</u>	<u>2,828</u>
Total current assets	<u>529,334</u>	<u>511,719</u>
<b>Fixed Assets</b>		
Furnishings and equipment	12,855	12,054
Less: accumulated depreciation	<u>(12,054)</u>	<u>(11,781)</u>
Total fixed assets	<u>801</u>	<u>273</u>
	<u>\$ 530,135</u>	<u>\$ 511,992</u>
<b>Total Assets</b>		
<b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
	\$ <u>92</u>	\$ <u>102</u>
Accounts payable	<u>92</u>	<u>102</u>
<b>Total Liabilities</b>		
<b>Net Assets</b>		
	413,587	409,662
With donor restrictions	<u>116,456</u>	<u>102,228</u>
Without donor restrictions	<u>530,043</u>	<u>511,890</u>
Total net assets	<u>\$ 530,135</u>	<u>\$ 511,992</u>
<b>Total Liabilities and Net Assets</b>		

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

**HIGH COUNTRY UNITED WAY, INC.  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2019**

<b>Revenues and Other Support</b>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Gross Campaign Contributions	\$ (3,052)	413,139	410,087
<Less donor designations>	-	(3,052)	(3,052)
Interest income	1,276	-	1,276
Miscellaneous income	95	-	95
Sales tax refunds	135	-	135
Net assets released from restrictions	<u>406,162</u>	<u>(406,162)</u>	<u>-</u>
 <b>Total Revenues and Other Support</b>	 <u>404,616</u>	 <u>3,925</u>	 <u>408,541</u>
 <b>Expenses</b>			
Grants and other assistance to organizations	225,970	-	225,970
<Less donor designations>	(3,052)	-	(3,052)
Other program services	100,633	-	100,633
Fundraising	36,006	-	36,006
Management and general	<u>30,831</u>	<u>-</u>	<u>30,831</u>
 <b>Total Expenses</b>	 <u>390,388</u>	 <u>-</u>	 <u>390,388</u>
 <b>Change in Net Assets</b>	 14,228	 3,925	 18,153
<b>Net Assets - Beginning of Year</b>	<u>102,228</u>	<u>409,662</u>	<u>511,890</u>
<b>Net Assets - End of Year</b>	<u>\$ 116,456</u>	<u>413,587</u>	<u>530,043</u>

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

**HIGH COUNTRY UNITED WAY, INC.  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2018**

<b>Revenues and Other Support</b>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Gross Campaign Contributions	\$ (2,550)	407,828	405,278
<Less donor designations>	-	(2,550)	(2,550)
Interest income	1,212	-	1,212
Miscellaneous income	11	-	11
Sales tax refunds	128	-	128
Net assets released from restrictions	<u>370,522</u>	<u>(370,522)</u>	<u>-</u>
 <b>Total Revenues and Other Support</b>	 <u>369,323</u>	 <u>34,756</u>	 <u>404,079</u>
 <b>Expenses</b>			
Grants and other assistance to organizations	257,665	-	257,665
<Less donor designations>	(2,550)	-	(2,550)
Other program services	69,078	-	69,078
Fundraising	44,676	-	44,676
Management and general	<u>28,036</u>	<u>-</u>	<u>28,036</u>
 <b>Total Expenses</b>	 <u>396,905</u>	 <u>-</u>	 <u>396,905</u>
 <b>Change in Net Assets</b>	 (27,582)	 34,756	 7,174
 <b>Net Assets - Beginning of Year</b>	 <u>129,810</u>	 <u>374,906</u>	 <u>504,716</u>
 <b>Net Assets - End of Year</b>	 <u>\$ 102,228</u>	 <u>409,662</u>	 <u>511,890</u>

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

**HIGH COUNTRY UNITED WAY, INC.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2019**  
**With Comparative Totals for 2018**

	2019	2018
<b>Cash Flows from Operating Activities</b>		
Change in net assets	\$ 18,153	\$ 7,174
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation expense	273	1,385
Increase in pledges receivable	(59,203)	(20,690)
Decrease in accounts payable	(10)	(92)
<Increase> decrease in prepaid expenses	244	(152)
<Increase> decrease in sales tax refunds receivable	(7)	42
Net cash used by operating activities	(40,550)	(12,333)
<b>Cash Flows from Investing Activities</b>		
Purchases of equipment	(801)	-
Net decrease in cash	(41,351)	(12,333)
<b>Cash and Cash Equivalents, beginning of year</b>	349,004	361,337
<b>Cash and Cash Equivalents, end of year</b>	\$ 307,653	\$ 349,004

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

**HIGH COUNTRY UNITED WAY, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2019**

	<u>PROGRAM SERVICES</u>	<u>MANAGEMENT AND GENERAL</u>	<u>FUNDRAISING</u>	<u>TOTAL</u>
Grants and Other Assistance	\$ 222,918	-	-	\$ 222,918
Advertising	292	130	226	648
Compensation	55,882	18,627	18,628	93,137
Payroll taxes	1,906	847	1,483	4,236
Accounting fees	-	4,569	-	4,569
Licenses	4,893	-	230	5,123
Office expense	1,778	790	1,382	3,950
Telephone	432	192	336	960
Postage	143	63	111	317
2-1-1 expense	5,459	-	-	5,459
Equipment expense	2,043	908	1,588	4,539
Board expense	83	37	65	185
Meals and refreshments	229	102	177	508
Depreciation	123	55	95	273
Bad debt expense	12,811	-	-	12,811
Insurance	1,719	764	1,336	3,819
Bank charges	283	126	220	629
Campaign expense	3,790	-	3,789	7,579
Training expense	594	264	463	1,321
Leadership campaign	337	150	261	748
Internet expense	540	240	421	1,201
Program support	619	-	-	619
Travel	1,004	446	782	2,232
Rent expense	5,193	2,308	4,040	11,541
Retirement expense	480	213	373	1,066
<b>Total Functional Expenses</b>	<b>\$ 323,551</b>	<b>30,831</b>	<b>36,006</b>	<b>\$ 390,388</b>

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

**HIGH COUNTRY UNITED WAY, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	<u>PROGRAM SERVICES</u>	<u>MANAGEMENT AND GENERAL</u>	<u>FUNDRAISING</u>	<u>TOTAL</u>
Grants and Other Assistance	\$ 255,115	-	-	\$ 255,115
Advertising	113	50	87	250
Compensation	38,333	17,037	29,815	85,185
Payroll taxes	1,282	570	997	2,849
Accounting fees	-	4,569	-	4,569
Licenses	4,769	-	230	4,999
Office expense	1,300	578	1,011	2,889
Telephone	432	192	336	960
Postage	145	64	113	322
2-1-1 expense	2,537	-	-	2,537
Equipment expense	1,440	640	1,120	3,200
Board expense	215	95	167	477
Meals and refreshments	86	38	66	190
Depreciation	623	277	485	1,385
Bad debt expense	3,371	-	-	3,371
Insurance	1,674	744	1,302	3,720
Bank charges	262	116	204	582
Campaign expense	3,379	-	3,379	6,758
Training expense	266	118	206	590
Leadership campaign	157	70	121	348
Internet expense	473	210	368	1,051
Program support	2,217	-	-	2,217
Travel	782	347	608	1,737
Rent expense	4,975	2,211	3,870	11,056
Retirement expense	247	110	191	548
<b>Total Functional Expenses</b>	<b>\$ 324,193</b>	<b>28,036</b>	<b>44,676</b>	<b>\$ 396,905</b>

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

**HIGH COUNTRY UNITED WAY, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2019**

**Note 1 - Organization:**

High Country United Way, Inc. is a nonprofit organization incorporated under the laws of North Carolina and is exempt from income taxes under Section 501 (c) (3) of the Internal Revenue Code. The Organization is a community-based resource organization that develops human and financial resources to improve the quality of life in the High Country.

**Note 2 - Summary of Significant Accounting Policies:**

**Basis of Accounting**

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

**Cash and Cash Equivalents**

For purposes of the statements of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

**Pledges Receivable**

Contributions are recognized when the donor makes a pledge to give to the Organization; 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. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Pledges receivable are primarily from individuals and businesses located in Avery and Watauga Counties, North Carolina, and are classified as current. The allowance for uncollectible pledges is computed based upon a historical average.

**Accounting Pronouncements Adopted**

Effective in the year ended June 30, 2019, the Organization retrospectively adopted Financial Accounting Standards Board Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements for Not-for-Profit Entities*. The ASU amends the current reporting model for nonprofit organizations and enhances their required disclosures. The major changes include: (a) requiring the presentation of only two classes of net assets now entitled "net assets without donor restrictions" and "net assets with donor restrictions", (b) modifying the presentation of underwater endowment funds and related disclosures, (c) requiring the use of the placed

**HIGH COUNTRY UNITED WAY, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2019**

**Note 2 - Summary of Significant Accounting Policies (continued):**

in service approach to recognize the expirations of restrictions on gifts used to acquire or construct long-lived assets absent explicit donor stipulations otherwise, (d) requiring that all nonprofits present an analysis of expenses by function and nature in either the statement of activities, a separate statement, or in the notes and disclose a summary of the allocation methods used to allocate costs, (e) requiring the disclosure of quantitative and qualitative information regarding liquidity and availability of resources, (f) presenting investment return net of external and direct internal investment expenses, and (g) modifying other financial statement reporting requirements and disclosures intended to increase the usefulness of nonprofit financial statements. In addition, ASU 2016-14 removes the requirement that not-for-profit entities that chose to prepare the statements of cash flows using the direct method must also present a reconciliation (the indirect method).

The adoption of ASU No. 2016-14 effective as of July 1, 2017 resulted in the reclassification of certain accounts in the June 30, 2018 financial statements to conform with the required financial statement presentation.

**Fixed Assets**

Fixed assets consist of equipment recorded at cost. Depreciation is computed over the estimated useful lives of the equipment using the straight-line method.

**Concentration of Credit Risk**

The Organization maintains its cash balances in four financial institutions located in North Carolina. The balances were insured by the Federal Deposit Insurance Corporation up to \$250,000 per institution. There were no uninsured balances as of June 30, 2019.

**Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Subsequent Events**

In preparing the financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through the date that the financial statements were available to be issued.

**HIGH COUNTRY UNITED WAY, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2019**

**Note 2 - Summary of Significant Accounting Policies (continued):**

**Uncertain Tax Positions**

Management has determined that the Organization does not have any uncertain tax positions and associated unrecognized benefits that materially impact the financial statements or related disclosures. Since tax matters are subject to some degree of uncertainty, there can be no assurance that the Organization's tax returns will not be challenged by the taxing authorities and that the Organization will not be subject to additional tax, penalties and interest as a result of such challenge. Generally, the Organization's tax returns remain open for three years for federal income tax examination.

**Functional Allocation of Expenses**

The statement of functional expenses present expenses by function and natural classification. Expenses directly attributable to a specific functional area of the Organization are reported as expenses of those functional areas. A portion of general and administrative costs that benefit multiple functional areas have been allocated, based on estimates developed by management, between the program and supporting activities.

**Note 3 - Unconditional Promises to Give:**

Unconditional promises to give are reported as pledges receivable and are reported net of allowance for uncollectible accounts of \$12,000. Because of the inherent uncertainties in estimating the allowance for uncollectible promises to give, it is at least reasonably possible that the estimate will change within the near term.

**Note 4 - Net Assets With Donor Restrictions:**

Net assets with donor restrictions consist of assets whose use is limited by donor-imposed, time and/or purpose restrictions.

The Organization conducts an annual fund-raising campaign to allow it to continue funding the numerous program and services it supports in the community. Pledges receivable for the campaign conducted during the current year represent time-restricted contributions and have been reflected in the accompanying 2019 statement of financial position as net assets with donor restrictions. When the stipulated time restriction ends during the next fiscal year, the net assets are reclassified as net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

**HIGH COUNTRY UNITED WAY, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2019**

**Note 5 - Donated Services and Facilities:**

The Organization receives a significant amount of donated services from unpaid volunteers who assist in projects and activities. No amounts have been reflected in the financial statements for those activities since they do not meet the criteria for recognition under professional standards.

**Note 6 - Equipment:**

Equipment at June 30, 2019 consists of the following:

Computer and office equipment and furniture	\$ 12,855
Less accumulated depreciation	<12,054>
Equipment, net	\$ <u>801</u>

**Note 7 - Leases:**

The Organization leased a copier on a month-to-month basis with monthly payments of \$86, plus applicable taxes. The lease was renewed effective May, 2019 for sixty months, with monthly payments of \$101, plus applicable taxes. Payments under these leases were \$1,192 for the year ended June 30, 2019.

The Organization entered into a lease for new office facilities effective October 1, 2011. The lease was modified effective December 5, 2014, to reflect the following terms: the lease is for five years at a rate of \$722 per month for years one-five, ending September 30, 2017. An additional charge of \$150 per month will apply to all years for insurance, taxes, and common area maintenance. The lease was renewed effective October 1, 2018, at a rate of \$817 per month, plus the \$150 per month, with the increased rate effective October 1, 2018. The lease is renewed through September, 2021. The rate will increase to \$837 per month, plus the \$150 per month, effective October, 2020.

**HIGH COUNTRY UNITED WAY, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2019**

**Note 7 - Leases (continued):**

Future minimum lease payments under the two leases are as follows:

June 30, 2020	\$ 12,816
2021	12,996
2022	4,173
2023	1,212
2024	<u>1,010</u>
	\$ <u>32,207</u>

**Note 8 - Retirement Funds:**

The Organization established a Simple IRA plan for the benefit of the office manager effective January 1, 2018. Under this plan, the employee may have salary reductions not to exceed \$16,000 for calendar year 2019. Additionally, the Organization contributes three percent of the employee's gross wages. The Organization contributed \$1,066 to the plan for the year ended June 30, 2019.

HIGH COUNTRY UNITED WAY, INC.  
SCHEDULE OF GRANTS AND OTHER ASSISTANCE TO ORGANIZATIONS  
Year Ended June 30, 2019

AMERICAN RED CROSS	\$ 200
FOSTER GRANDPARENTS	1,158
PARENT TO PARENT	2,948
APPALACHIAN SENIOR COMPANION	3,241
AVERY COUNTY BRA STUDENT VISION REALITY	4,658
AVERY HABITAT FOR HUMANITY	2,377
BIG BROTHERS BIG SISTERS	38
BLUE RIDGE OPPORTUNITY COMMISSION, ALLEGHANY CO.	5,000
BLUE RIDGE OPPORTUNITY COMMISSION, ASHE COUNTY	7,000
BLUE RIDGE PARTNERSHIP FOR CHILDREN, AVERY COUNTY	4,658
BLUE RIDGE PARTNERSHIP FOR CHILDREN, MITCHELL COUNTY	1,553
BLUE RIDGE WOMEN IN AGRICULTURE	3,357
BOY SCOUTS OF AMERICA, OLD HICKORY COUNCIL	75
CASTING BREAD FOOD PANTRY	1,736
COMMUNITY CARE CLINIC	7,751
THE CHILDREN'S COUNCIL	10,877
HIGH COUNTRY COMMUNITY HEALTH	2,531
HOSPICE OF CALDWELL COUNTY	48
HOSPITALITY HOUSE	29,795
HOSPITALITY HOUSE EMERGENCY FUND	3,465
HUNGER AND HEALTH COALITION	14,659
KARI'S HOME FOR WOMEN	1,354
LINVILLE FOUNDATION	800
MEDIATION & RESTORATIVE JUSTICE	8,612
MITCHELL COUNTY 4-H	2,160
MITCHELL COUNTY SAFE PLACE	834
MITCHELL COUNTY SHEPHERD'S STAFF	2,340
MITCHELL HABITAT FOR HUMANITY	622
MOUNTAIN ALLIANCE	6,822
MOUNTAIN COMMUNITY HEALTH CENTER	1,242
OASIS, INC.	12,010
OTHER UNITED WAYS	150
RONALD MCDONALD HOUSE	240
SOUTHMOUNTAIN CHILDREN & FAMILY SERVICES	579
SPIRIT RIDE	810
SUGAR GROVE DEVELOPMENTAL DAY SCHOOL	3,126
THE CENTER FOR RURAL HEALTH INNOVATION	1,180
TRIPLE P PARENT EDUCATION PROGRAM	20,000
VOLUNTEER AVERY COUNTY	1,621
WATAUGA COUNTY EXTENDED LEARNING CENTERS	1,736
WATAUGA HABITAT FOR HUMANITY	4,593
WAMY COMMUNITY ACTION	23,704
WESTERN YOUTH NETWORK	15,534
YELLOW MOUNTAIN ENTERPRISES	4,745
YMCA OF AVERY COUNTY	<u>4,031</u>
TOTAL	\$ <u>225,970</u>