

REPORT OF
GREATER LONGVIEW
UNITED WAY, INC.

AUGUST 31, 2020

JOHN LEE USSERY
Certified Public Accountant
A LIMITED LIABILITY COMPANY

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Greater Longview United Way, Inc.:

I have audited the accompanying financial statements of Greater Longview United Way, Inc. (a nonprofit organization), which comprise the statement of financial position as of August 31, 2020, and the related statements of activities, functional expenses, and cash flows 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

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

OPINION

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Greater Longview United Way, Inc. as of August 31, 2020, 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.

A handwritten signature in black ink, appearing to read "John Lee Ussery". The signature is written in a cursive, flowing style with a large initial "J" and a long, sweeping underline.

February 8, 2021
Longview, Texas

John Lee Ussery, CPA

GREATER LONGVIEW UNITED WAY, INC.
STATEMENT OF FINANCIAL POSITION
August 31, 2020

ASSETS

Current Assets			
Cash and Cash Equivalents		\$	583,651
Pledges Receivable			
2019-2020 Campaign	\$	483,972	
Less: Reserve for Uncollectable Pledges		(74,554)	
2020-2021 Campaign		<u>55,590</u>	465,008
Accounts Receivable - Other			2,500
Prepaid Expenses			<u>20,196</u>
Total Current Assets			1,071,355
Property and Equipment			
Land			12,500
Building			121,992
Equipment			75,997
Less: Accumulated Depreciation			<u>(124,872)</u>
Total Property and Equipment (Net)			<u>85,617</u>
TOTAL ASSETS		\$	<u>1,156,972</u>

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

GREATER LONGVIEW UNITED WAY, INC.
STATEMENT OF FINANCIAL POSITION
August 31, 2020

LIABILITIES AND NET ASSETS

Current Liabilities

Accounts Payable	\$	20,566
Accrued Payable - Other		6,150
Accrued Wages		8,425
Accrued Compensated Absences		5,732
Accrued Retirement		1,427
Deferred Revenue		150,212
Donor Designated Agency Payable		<u>1,310</u>

TOTAL LIABILITIES 193,822

Net Assets

Net Assets Without Donor Restrictions 963,150

TOTAL LIABILITIES AND NET ASSETS \$ 1,156,972

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

GREATER LONGVIEW UNITED WAY, INC.
STATEMENT OF ACTIVITIES
FOR THE TWELVE MONTHS ENDING AUGUST 31, 2020

	<u>WITHOUT DONOR RESTRICTIONS</u>	<u>WITH DONOR RESTRICTIONS</u>	<u>TOTAL</u>
<u>Support</u>			
Contributions	\$ 1,151,517	\$ 105,427	\$ 1,256,944
Grants		43,720	43,720
Conditional Contribution	39,199		
Interest Income	7,781		7,781
Special Events		29,732	29,732
Other Income	475		475
Inkind Donations		17,376	17,376
Fundraising Events net of expenses of \$3,484	5,633		
Funds Released from Temporary Restriction	<u>196,255</u>	<u>(196,255)</u>	<u> </u>
Total Support	1,400,860		1,400,860
<u>Expenses</u>			
Info Line	31,255		31,255
VITA	43,414		43,414
Covid - 19	132,281		
Program Services	<u>885,333</u>		<u>885,333</u>
Total Program Expenses	1,092,283		1,092,283
Supporting Services			
General and Administrative	124,392		124,392
Fundraising	<u>101,003</u>		<u>101,003</u>
Total Expenses	<u>1,317,678</u>		<u>1,317,678</u>
Increase (Decrease) in Net Assets	83,182		83,182
Net Assets (September 1, 2019)	1,084,307		<u>1,084,307</u>
Prior Period Adjustment	<u>(204,339)</u>		<u>(204,339)</u>
Net Assets (August 31, 2020)	\$ <u>963,150</u>	\$	\$ <u>963,150</u>

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

GREATER LONGVIEW UNITED WAY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE TWELVE MONTHS ENDED AUGUST 31, 2020

	COVID-19 FUND	INFO LINE	VITA	PROGRAM SERVICES	TOTAL PROGRAM SERVICES	MGT AND GENERAL	FUND RAISING	TOTALS
Accounting & Auditing	\$	1,002 \$	645 \$	934 \$	2,581 \$	2,869 \$	1,002 \$	6,452
Bank Charges	362				362	5	408	775
Campaign Event Expense						254	6,371	6,625
Campaign Supplies						74	7,457	7,531
Conferences							245	245
Consulting		216	118	118	452	641	20	1,113
Depreciation						4,713		4,713
Equipment & Software		23	15	23	61	68	43	172
Agency Distributions				775,888	775,888			775,888
Uncollectable Pledges				74,554	74,554			74,554
Insurance		870	566	828	2,264	2,527	870	5,661
Insurance - Group Health		5,018	3,346	5,018	13,382	15,055	5,018	33,455
Miscellaneous						94	-14	80
Office Supplies		104	23	54	181	322	73	576
Affiliations		2,254	1,491	2,218	5,963	6,752	2,183	14,898
Payroll Taxes	1,827	1,240	1,403	1,507	5,977	5,528	2,690	14,195
Postage		204	45	226	475	673	258	1,406
Printing	55	421	42	208	726	469	6,624	7,819
Community Outreach			105		105	12		117
Promotion			5,580		5,580	36	25,823	31,439
Rent			3,584		3,584			3,584
Repairs and Maintenance		416	284	412	1,112	1,231	416	2,759
Retirement	1,479	933	1,112	1,127	4,651	4,236	2,229	11,116
Subscriptions			161	211	372	847	1,785	3,004
Supplies			5,135		5,135			5,135
Wages	24,034	16,885	18,550	20,319	79,788	73,771	35,689	189,248
Telephone		751	501	751	2,003	2,248	751	5,002
Travel			267		267	-341	400	326
Utilities		662	441	662	1,765	1,990	662	4,417
Disbursement Covid 19	104,524			275	104,799			104,799
Miscellaneous Expense						318		318
	\$	<u>31,255 \$</u>	<u>43,414 \$</u>	<u>885,333 \$</u>	<u>1,092,283 \$</u>	<u>124,392 \$</u>	<u>101,003 \$</u>	<u>1,317,678</u>
		<u>132,281 \$</u>						

GREATER LONGVIEW UNITED WAY, INC.
STATEMENT OF CASH FLOWS
FOR THE TWELVE MONTHS ENDING AUGUST 31, 2020

Cash Flows from Operating Activities	
Increase (Decrease) in Unrestricted Net Assets	\$ 83,182
Adjustments to Reconcile Change in Net Assets To Net Cash Provided by Operating Activities:	
Depreciation	4,713
Increase (Decrease) in Operating Activities:	
(Increase) Decrease in Pledges Receivable	(85,317)
(Increase) Decrease in Allowance for Uncollectable	4,912
(Increase) Decrease in Accounts Receivable	7,450
(Increase) Decrease in Accrued Interest	2,844
(Increase) Decrease in Prepaid Expenses	1,504
Increase (Decrease) in Donor Designated Agencies	(733)
Increase (Decrease) in Accounts Payable	11,604
Increase (Decrease) in Accrued Wages	941
Increase (Decrease) in Deferred Revenue	4,995
Increase (Decrease) in Accrued Compensated Absences	3,045
Increase (Decrease) in Accrued Retirement Plan Payable	<u>(5,170)</u>
Cash Provided By Operating Activities	33,970
Net Change in Cash and Cash Equivalents	33,970
Cash and Cash Equivalents (September 1, 2019)	<u>549,681</u>
Cash and Cash Equivalents (August 31, 2020)	\$ <u>583,651</u>

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

**NOTES TO THE
FINANCIAL STATEMENTS**

GREATER LONGVIEW UNITED WAY, INC.
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2020

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of Greater Longview United Way, Inc. is to assist in understanding the Organization's financial statements. The financial statements and notes are representations of the Organization's management who is responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

Nature of the Organization

The Greater Longview United Way, Inc. is operated for the charitable purpose of securing and disbursing funds to health and human services agencies in the greater Longview, Texas area. The mission is to improve the quality of life for people in the community. Several programs are operated by the Greater Longview United Way. INFOline of Gregg County provides free and confidential information and referrals to over a hundred local organizations providing programs to meet the needs of the community. FamilyWize is a discount prescription drug program available to families without prescription drug coverage or those that are under-insured. The Greater Longview United Way distributes the FamilyWize cards which are accepted by most pharmacies. The Greater Longview United Way also partners with the Internal Revenue Service to assist low income families with free preparation of their income tax returns through the Volunteer Income Tax Assistance Program. The Volunteer Income Tax Assistance Program helps local residents who earn less than about \$60,000 a year to access credits for which they are eligible, including the earned income tax credit. The VITA program utilizes IRS trained community volunteers to provide this free service to local residents. English and Spanish speaking volunteers are available. The annual fund-raising campaign provides the funding for the activities for both the Greater Longview United Way and its partner agencies throughout the year. During the pandemic, the Board authorized the accepting of contributions and set forth criteria to aid citizens who were meeting financial hardships due to COVID – 19.

Revenue and Revenue Recognition

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions

Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions

Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. Conditional gifts received prior to the satisfaction of conditions are recorded as refundable advances.

Net Assets

The Organization follows Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-14, Not for Profit Entities in preparing the financial statements. Under ASU 2016-14 the Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Accordingly, net assets and changes therein are classified, reported and described 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 an operating reserve and board-designated endowment.

Net Assets With Donor Restrictions – Net assets subject to donor (or certain grantor) 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.. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which he resource was restricted has been fulfilled, or both. As of August 31, 2020, there were no net assets with donor restrictions.

Revenues are reported as increases in net assets without donor restrictions unless use of the related asset is limited to donor imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions.

Fair Value

The Organization follows the provisions of the accounting standard which defines fair value, establishes a framework for measuring fair value and enhances fair value measurement disclosure. Under these provisions, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (the exit price) in an orderly transaction between market participants at the measurement date.

The standard establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use on unobservable inputs by requiring that the most observable inputs be used when available.

Observable inputs are inputs that market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the Organization. Unobservable inputs are inputs that reflect the Organization's assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The hierarchy is described below:

Level 1: Quoted prices (unadjusted) in active markets that are accessible at the measurement date for assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.

Level 2: Obtainable prices that are based on inputs not quoted on active markets, but corroborated by market data.

Level 3: Unobservable inputs are used when little or no market data is available. The fair value hierarchy gives the lowest priority to Level 3 inputs.

Values were determined using Level 1 considerations.

Cash and Cash Equivalents

Greater Longview United Way, Inc. considers all highly liquid investments with an initial maturity of one year or less to be cash equivalents. Deposits are insured at each institution with the FDIC at a maximum of \$250,000 in the aggregate per institution.

Pledges Receivable

Pledges receivable represent prior and current year pledges, net of an allowance for uncollectible amounts. Pledges not actually collected are charged to this reserve in the subsequent years. The reserve is based on historical experience and an evaluation of the individual pledges receivable.

Capital Expenditures

Costs incurred in excess of \$1,000 for the purchase or construction of general fixed assets are recorded as additions to the unrestricted fund land, building and equipment accounts. Donated assets are capitalized at their fair market value. Expenditures or maintenance and repairs are charged to expense as incurred. Upon the sale or retirement of assets, the cost and related depreciation are eliminated from the respective accounts, and the resulting gain or loss is included in current income.

Investments

Investments may include marketable securities with readily determinable fair values which are carried at fair value in the statement of financial position. Realized and unrealized gains and losses are included in the change in net assets. Additionally certain investments are being held at East Texas Communities Foundation for the benefit of the Greater Longview United Way.

Investment securities are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is

possible that changes in values of investment securities could occur in the near term and such changes could materially affect the investment value.

Depreciation

Depreciation is provided in the unrestricted net assets fund in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives. The accumulated depreciation is computed either on the straight-line method or an accelerated method, using estimated useful lives as follows:

Buildings and Improvements	40 years
Equipment	5 to 10 years
Furniture and Fixtures	5 to 10 years

Grants

Greater Longview United Way, Inc. records income from grants in the period designated by the grantor.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of management's estimates. These estimates and assumptions may affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the report period. Actual results may differ from these estimates.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. The Organization allocates expenses on a functional basis among its various programs and support services. Expenses that can be identified with a specific program or support service are allocated according to their natural expenditure classification and based on an analysis of personnel time and space utilized for the related activities. Other expense that are common to several functions are allocated as deemed appropriate.

Accordingly, costs have been allocated by an appropriate method among the programs and supporting services benefited.

Federal Income Tax

The Greater Longview United Way, Inc. is a non-profit corporation under Section 501(c)(3) of the Internal Revenue Code and therefore is not subject to income tax. There was no unrelated business income for the fiscal year ending August 31, 2020.

In-Kind Support

The Greater Longview United Way, Inc. records various types of in kind support including professional services and materials. Contributed professional services are

recognized if the services received creates or enhances a long-lived asset or requires specialized skills that are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributions of tangible assets are recognized at fair market value when received. The amounts reflected in the accompanying financial statements as in kind support are offset by like amounts included in expenses. The in-kind support is valued on the financial statements in the amount of \$17,376

Additionally, the Organization receives a significant amount of contributed time which does not meet the two recognition criteria described above. Accordingly, the value of this contributed time has not been determined and is not reflected in the accompanying financial statements.

Recent Accounting Guidance

On August 18, 2016, FASB issued Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities – *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. The Organization has implemented ASU 2016-14 and has adjusted the presentation in these financial statements accordingly.

Greater Longview United Way, Inc. has adopted ASU No 2018-08, Not-For-Profit Entities (Topic 958) *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*. The new guidance helps distinguish if grants and contracts with resource providers are exchange transactions or contributions. Once a transaction is deemed to be a contribution, the ASU also provides guidance to help determine when a contribution is conditional and evaluates the possibility that a condition will not be met is remote. Unconditional contributions are recognized immediately and are classified as either a net asset with or without donor restrictions accounted for as a liability until the barriers to entitlement are overcome, at which point the transaction is recognized as unconditional and classified as either net assets with or without restrictions. The adoption of this standard for the fiscal year ending August 31, 2020 did not result in a change to the accounting for the Organization's revenue. Management believes the standard improves the usefulness and understandability of the Organization's financial reporting.

New Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842). Under this ASU, a lessee should recognize in the statement of financial position a lease liability and a lease asset representing its right to use the underlying asset for the term of the lease for both finance and operating leases. An entity may make an accounting policy election not to recognize lease assets and lease liabilities for leases with a term of 12 months or less. Recognition, measurement, and presentation of expenses and cash flows arising from a lease by a lessee have not changed significantly. Qualitative and quantitative disclosures are required by lessees and lessors to enable users of financial statements to assess the amount, timing and uncertainty of cash flows arising from leases. The ASU is effective for fiscal periods beginning after December 15, 2020.

Management has not yet determined the impact adoption of this ASU will have on the financial statements.

On May 28, 2014, the FASB completed the Revenue Recognition project by issuing Accounting Standards Update No. 2014-09, Revenue from Contracts with Customers (Topic 606). The new guidance establishes the principles to report useful information to users of financial statements about the nature, timing, and uncertainty of revenue from contracts with customers.

To that end, the new guidance:

- Removes inconsistencies and weaknesses in existing revenue requirements.
- Provides a more robust framework for addressing revenue issues
- Improves comparability of revenue recognition practices across entities, industries, jurisdictions, and capital markets.
- Provides more useful information to users of financial statements through improved disclosure requirements.

Management has not yet determined the impact adoption of this ASU will have on the financial statements.

In June 2020, FASB issued ASU No. 2020-05 *Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842), Effective Dates for Certain Entities*, which delays the effective date of the new revenue recognition guidance for nonpublic NFPs that have not yet issued their financial statements reflecting its adoption. Those entities may elect to adopt the guidance for annual reporting periods beginning after December 15, 2019, and for interim reporting periods within annual reporting periods beginning after December 15, 2020; or they may elect to follow the original effective date. The entity has elected to adopt the deferral.

NOTE B – FIXED ASSETS

A summary of changes in General Fixed Assets are as follows:

	September 1, <u>2019</u>	<u>Additions</u>	<u>Deletions</u>	August 31, <u>2020</u>
Land	\$ 12,500	\$	\$	\$ 12,500
Building	121,992			121,992
Equipment	<u>75,997</u>	_____	_____	<u>75,997</u>
Total Fixed Assets	\$ <u>210,489</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>210,489</u>

Depreciation expense charged during for the fiscal year ending August 31, 2020 was \$ 4,713. The balance in the accumulated depreciation account at August 31, 2020 was \$124,872.

NOTE C – CERTIFICATES OF DEPOSIT

Certificates of deposit are due in one year or less and are held as follows

	<u>Value</u>
BTH Bank 1.0% due 7/2/2021	\$ 107,563
BTH Bank 2.05% due 11/22/2020	<u>105,495</u>
Total	\$ <u>213,058</u>

The following schedule summarizes the investment return in the statement of activities for the twelve months ending August 31, 2020:

Interest Income	\$ <u>7,781</u>
Total Investment Return	\$ <u>7,781</u>

NOTE D – PLEDGES RECEIVABLE

Pledges receivable at August 31, 2020 consisted of the following Campaigns:

2018-2020 Fundraising Campaign	\$ 483,972
2020-2020 Fundraising Campaign	55,590
Less: Allowance for Uncollectible Pledges	<u>(74,554)</u>
Pledges Receivable	\$ <u>465,008</u>

The Organization receives approximately 45% of its total pledges from five local employers and their employees.

NOTE E – ACCUMULATED UNPAID VACATION

After three months service, full and part time employees accumulate vacation based on their years of service. Employees can accrue up to a maximum of 80 hours. These compensated absences have been accrued at August 31, 2020 in the amount of \$5,732.

NOTE F – AGENCY ALLOCATIONS

During the fiscal year ending August 31, 2020, the Greater Longview United Way allocated the following funding to its participating agencies:

<u>AGENCY</u>		<u>AMOUNT</u>
American Red Cross	\$	21,482
Boy Scouts		30,189
Boys and Girls Club		40,094
Children's Advocacy Center		16,800
DORS		54,205
Friends of Partners in Prevention		32,189
East Texas Child Advocacy		50,000
East Texas Literacy		34,189
ETCADA		46,962
Pathstone Counseling Center		12,000
Girl Scouts		19,094
Longview Child Development		52,442
Longview Community Ministries		128,360
Longview Habitat for Humanity		45,243
Parenting Resources		22,095
Salvation Army		25,090
See - Saw Children's Place		55,094
Twelve Way Foundation		17,250
Family Promise of Longview		19,937
Fredonia Women and Children		15,000
Women's Center of East Texas		<u>38,173</u>
TOTAL ALLOCATION	\$	<u>775,888</u>

NOTE G– AGENCY PAYABLES

During the 2018-2019 campaign and the 2019-2020 campaign, contributors designated part of their pledge to go to other United Way agencies. At August 31, 2020, the amount remaining to be paid to participating agencies was \$1.310

NOTE H- BENEFICIAL INTEREST

The Greater Longview United Way, Inc. participates with the East Texas Communities Foundation to maintain a nonprofit endowment fund known as the Greater Longview United Way Endowment Fund. This foundation made matching contributions of \$20,000 in 2001 and \$5,000 in 2002, with an additional contribution in 2002 of \$2,395. Also, in 2002, a private donation of \$5,000 was made to the fund.

The Organization may elect to withdraw up to 5% of the value of the fund annually. Unused withdrawals accumulate and may be withdrawn in a subsequent year. Additionally, with Foundation approval, the Board could request to withdraw these funds at any time.

On June 4, 2008, the Greater Longview United Way established a donor advised fund with the Foundation with an original amount of \$125, 240.

During the fiscal year ending August 31, 2020, the Organization transferred \$25,786 from the Endowment Fund to the Donor Advised Fund.

At August 31, 2020, the fair market value of the balance held with the East Texas Communities Foundation in the Endowment Fund is \$54,556 and the Donor Advised Fund is \$252,404.

NOTE I - PRIOR PERIOD ADJUSTMENT

The prior period adjustment relates to the reclassification of the donor advised fund to follow the definition and criteria set forth by the East Texas Communities Foundation. By the Foundation's bylaws, the Foundation has variance power to approve or deny any grant recommendation from the fund advisor. Moreover, the Foundation is the sole and exclusive owner of the fund and has the power to approve or deny grant requests. The net effect to comply with this criteria is a decrease in assets and a decrease in net assets of \$204,339. The Foundation has given the Board the option to reclassify the donor advised fund to a donor advised agency fund which will grant relief from this particular criteria and restore the net assets to the balance sheet. It is the intent of the Board to restore the net assets back to the balance sheet in next fiscal year.

NOTE J – DESIGNATED UNRESTRICTED NET ASSET

It is the practice of the Greater Longview United Way to maintain a cash reserve at all times. The amount of the required reserve will be no less than three months operating expenses and one allocation payment, and no more than five months operating expenses and two allocation payments. Cash and investment balances in excess of this required reserve will be available for use as recommended by related committees and authorized by the Board of Directors. The Board of Directors may approve expenditures that exceed unreserved cash and spend all or a portion of the prescribed

reserve. These expenditures may be approved only in critical situations that involve the community's wellbeing or United Way's capacity to serve the public. In critical circumstances, the Board of Directors will authorize no more than 25% of the surplus between the minimum and maximum reserve to be depleted at one time.

NOTE K – RETIREMENT PLAN

The Greater Longview United Way adopted a Prototype Simplified Employee Pension Plan dated October 4, 2001 and adopted the calendar year end as the plan year. The adoption agreement provides that all employees earning at least \$300 during the plan year for which the contribution is being made and who has attained age twenty one and has worked for the Organization for one out of the immediately preceding five years is eligible to participate. This agreement provides for contributions of 6% of each participant's compensation. During the fiscal year ending August 31, 2020, the Organization expensed \$11,116 in employer contributions to the plan. The Greater Longview United Way also provides as a benefit to full time employees health insurance coverage. During the fiscal year ending August 31, 2020, the Organization paid \$33,455 on behalf of the employees.

NOTE L – LIQUIDITY AND AVAILABILITY

The Greater Longview United Way regularly monitors liquidity required to meet its operating needs while also striving to maximize the investment of its available funds. The Organization has various sources of liquidity at its disposal including cash and cash equivalents.

In addition to financial assets available to meet general expenditures and allocations over the next twelve months, the Greater Longview United Way anticipates collecting sufficient revenue to cover general expenditures.

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

Financial Assets at Year End

Cash	\$	583,651
Pledges (Net of Uncollectable)		465,008
Account Receivable		<u>2,500</u>
Financial assets available to meet general expenditures over the next twelve months	\$	<u>1,051,159</u>

NOTE M - RISK OF ECONOMIC UNCERTAINTIES

The outbreak of a novel coronavirus (COVID-19), which the World Health Organization declared in March 2020 to be a global pandemic, continues to spread through the United States of America and the globe. Many State Governors issued temporary Executive Orders that, among other stipulations, limited in-person work activities for most businesses and industries, unless they have been considered an essential business. As a result, the COVID-19 outbreak is disrupting and affecting the Organization's normal activities. The extent of the ultimate impact of the pandemic on the Organization's operational and financial performance will depend on various developments, including the duration and spread of the outbreak and its impact on funders, program recipients, employees, vendors, and other constituents, all of which cannot be reasonably predicted at this time. While management reasonably expects the COVID-19 outbreak to negatively impact the Organization's financial position, changes in net assets, and, where applicable, the timing and amount of cash flows, the related financial consequences and duration is highly uncertain.

The Organization is a recipient of a Paycheck Protection Program ("PPP") loan of \$39,199 granted by the Small Business Administration under the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act"). Under the program terms, PPP loans are forgiven if the loan proceeds are used to maintain compensation costs and employee headcount, and other qualifying expenses (mortgage interest, rent, and utilities) incurred following the receipt of the loan. The portion of the PPP loan that is not forgiven is subject to a 1% interest rate and is due within two years.

As of August 31, 2020, the Organization has spent the \$39,199 on eligible expenses and management expects the loan to be fully forgiven during fiscal 2021 in accordance with the CARES Act. Accordingly, the Organization has recognized this amount spent as revenue without donor restrictions on the fiscal 2020 statement of activities. As a subsequent event, the loan was forgiven on November 25, 2020.

NOTE N – SUBSEQUENT EVENTS

Management has evaluated subsequent events through February 8, 2021 the date the financial statements were available to be issued.