

United Way of Greenville County, Inc.

Financial Statements

Year Ended December 31, 2019

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Independent Auditors' Report

Board of Directors
United Way of Greenville County, Inc.
Greenville, South Carolina

Report on the Financial Statements

We have audited the accompanying statement of financial position of the United Way of Greenville County, Inc. ("United Way") as of December 31, 2019, and the related statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to United Way'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 United Way'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 the United Way of Greenville County, Inc. as of December 31, 2019, and the results of its activities 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 United Way of Greenville County, Inc.'s 2018 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated September 26, 2019. In our opinion, the summarized comparative information presented herein as of and for the year end December 31, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Dixon Hughes Goodman LLP

**Greenville, South Carolina
July 23, 2020**

United Way of Greenville County, Inc.
Statement of Financial Position
December 31, 2019
(with comparative totals for 2018)

	<u>2019</u>	<u>2018</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,746,965	\$ 3,130,674
Restricted cash	-	76,407
Certificates of deposit, current portion	320,165	526,206
Pledges receivable:		
Fiscal year 2019/20 (less allowance for uncollectible pledges of approximately \$815,000 in 2019)	7,012,875	-
Fiscal year 2018/19 (less allowance for uncollectible pledges of approximately \$908,000 and \$1,422,000 in 2019 and 2018, respectively)	1,336,021	9,760,726
Fiscal year 2017/18 (less allowance for uncollectible pledges of approximately \$1,308,000 in 2018)	-	200,680
Total current portion of pledges receivable, net	<u>8,348,896</u>	<u>9,961,406</u>
Investments	2,259,858	2,024,444
Other receivables	214,053	644,821
Prepaid expenses	67,758	49,993
Funds held for others	-	18,892
Total current assets	<u>12,957,695</u>	<u>16,432,843</u>
Certificates of deposit, excluding current portion	257,523	253,536
Endowment funds held by other organization	7,040,405	6,130,953
Cash surrender value of life insurance policies	962,855	921,969
Property and equipment:		
Land	364,723	267,000
Building	2,904,061	2,639,753
Office furniture and equipment	1,513,781	1,426,252
Total	<u>4,782,565</u>	<u>4,333,005</u>
Less accumulated depreciation	1,977,328	1,795,904
Property and equipment, net	<u>2,805,237</u>	<u>2,537,101</u>
Total assets	<u>\$ 24,023,715</u>	<u>\$ 26,276,402</u>

United Way of Greenville County, Inc.
Statement of Financial Position (continued)
December 31, 2019
(with comparative totals for 2018)

	<u>2019</u>	<u>2018</u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	\$ 140,364	\$ 229,333
Accrued expenses	65,431	47,748
Grants payable	-	170
Due to designated agencies (less related portion of uncollectible pledges of approximately \$190,000 and \$115,000 in 2019 and 2018, respectively)	3,256,753	2,149,763
Funds held for others	149,907	-
Deferred revenue - cost reimbursement on designations	151,389	298,106
Long-term debt, current portion	5,797	-
Total current liabilities	<u>3,769,641</u>	<u>2,725,120</u>
Assets managed for others	-	76,407
Unfunded pension benefit obligation	-	609,625
Long-term debt, net of current portion	<u>419,203</u>	<u>-</u>
 Total liabilities	 <u>4,188,844</u>	 <u>3,411,152</u>
Net assets:		
Without donor restrictions:		
Designated by board:		
Community initiatives	1,902,979	2,028,112
Funded operating reserve	1,789,787	1,789,787
Total designated by board	<u>3,692,766</u>	<u>3,817,899</u>
Undesignated, including investment in property plant and equipment of approximately \$2,805,000 and \$2,537,000 in 2019 and 2018, respectively	967,515	1,596,987
Total without restrictions	<u>4,660,281</u>	<u>5,414,886</u>
With donor restrictions	<u>15,174,590</u>	<u>17,450,364</u>
 Total net assets	 <u>19,834,871</u>	 <u>22,865,250</u>
 Total liabilities and net assets	 <u>\$ 24,023,715</u>	 <u>\$ 26,276,402</u>

See accompanying notes.

United Way of Greenville County, Inc.
Statement of Activities
For the Year Ended December 31, 2019
(with comparative totals for 2018)

	2019			2018
	Without Donor Restrictions	With Donor Restrictions	Total	Combined Total
Revenues, gains and other support:				
Total campaign contributions	\$ 972,858	\$ 10,160,919	\$ 11,133,777	\$ 17,128,759
Less donor designations	165,529	(2,176,715)	(2,011,186)	(5,275,415)
Campaign revenue less donor designations	1,138,387	7,984,204	9,122,591	11,853,344
Provision for uncollectible pledges	(838,671)	(812,874)	(1,651,545)	(1,089,999)
Total net campaign revenue	299,716	7,171,330	7,471,046	10,763,345
Contributions received in prior years released from restriction, net	10,490,362	(10,490,362)	-	-
Net campaign revenue	10,790,078	(3,319,032)	7,471,046	10,763,345
Other contributions, net	204,573	167,116	371,689	282,472
Gifts in kind contributions	100,902	-	100,902	224,404
Private and government grants	2,068,643	-	2,068,643	2,311,778
Net investment income	38,830	157,609	196,439	237,800
Donor designation and other fees	200,132	-	200,132	135,863
Total revenues, gains and other support, net	13,403,158	(2,994,307)	10,408,851	13,955,662
Other releases:				
Grants received in prior year released from restriction	307,427	(307,427)	-	-
Total revenues, gains and other support net of assets released from restrictions	13,710,585	(3,301,734)	10,408,851	13,955,662
Functional expenses:				
Community impact	10,989,542	-	10,989,542	11,232,731
Administrative	1,960,471	-	1,960,471	527,017
Fundraising	1,878,434	-	1,878,434	2,371,666
Total expenses	14,828,447	-	14,828,447	14,131,414
Change in net assets before net change in pension benefit obligation, gifts in kind, and net unrealized gains on investments	(1,117,862)	(3,301,734)	(4,419,596)	(175,752)
Net change in pension benefit obligation	464,159	-	464,159	1,023,237
Gifts in kind	(100,902)	-	(100,902)	(224,404)
Net unrealized gains on investments	-	1,025,960	1,025,960	(604,870)
Change in net assets	(754,605)	(2,275,774)	(3,030,379)	18,211
Net assets, beginning of year	5,414,886	17,450,364	22,865,250	22,847,039
Net assets, end of year	\$ 4,660,281	\$ 15,174,590	\$ 19,834,871	\$ 22,865,250

See accompanying notes.

United Way of Greenville County, Inc.
Statement of Cash Flows
For the Year Ended December 31, 2019
(with comparative totals for 2018)

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities:		
Change in net assets	\$ (3,030,379)	\$ 18,211
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	181,424	178,245
Net unrealized (gains) losses on investments	(1,025,960)	604,870
Net realized (gains) losses on investments	-	(125)
Net change in pension benefit obligation	(755,091)	(1,023,237)
Provision for bad debt	1,722,993	3,638,180
Change in operating assets and liabilities:		
Pledges receivable	(110,483)	(3,159,368)
Accrued interest and other receivables	430,768	(114,489)
Prepaid expenses	(17,765)	20,540
Accounts payable	(88,969)	(402,873)
Accrued expenses	17,683	10,743
Grants payable	(170)	95
Due to designated agencies	1,106,990	531,472
Funds held for others	168,799	(72,571)
Assets managed for others	(76,407)	(71,556)
Deferred revenue	(146,717)	104,916
Unfunded pension obligation	145,466	-
Net cash (used) provided by operating activities	<u>(1,477,818)</u>	<u>263,053</u>
Cash flows from investing activities:		
Net change from sales and maturities of investments	42,262	(2,014,058)
Purchase of property and equipment	(449,560)	(50,093)
Net cash (used) by investing activities	<u>(407,298)</u>	<u>(2,064,151)</u>
Cash flows from financing activities:		
Proceeds from long-term debt	425,000	-
Net cash provided by financing activities	<u>425,000</u>	<u>-</u>
Net decrease in cash and cash equivalents	(1,460,116)	(1,801,098)
Cash and cash equivalents at beginning of year	<u>3,207,081</u>	<u>5,008,179</u>
Cash and cash equivalents at end of year	<u>\$ 1,746,965</u>	<u>\$ 3,207,081</u>
Reconciliation of cash and cash equivalents to the statement of financial position:		
Cash and cash equivalents	\$ 1,746,965	\$ 3,130,674
Restricted cash	-	76,407
Total cash and cash equivalents	<u>\$ 1,746,965</u>	<u>\$ 3,207,081</u>

See accompanying notes.

United Way of Greenville County, Inc.
Statement of Functional Expenses
For the Year Ended December 31, 2019
(with comparative totals for 2018)

	Program		Supporting Services		Totals	
	Services					
	Community Impact	Administrative	Fundraising	2019	2018	
Direct Expenses	\$ 8,021,653	\$ 46,891	\$ 1,639	\$ 8,070,183	\$ 7,446,288	
Salaries and services	1,485,259	1,046,528	975,194	3,506,981	3,303,601	
Employee benefits and payroll taxes	395,046	156,945	271,272	823,263	1,065,742	
Professional fees and software costs	299,014	490,984	123,190	913,188	867,136	
Telephone	6,694	11,163	5,627	23,484	23,166	
Postage	1,570	3,705	2,722	7,997	6,267	
Occupancy	34,865	34,652	37,333	106,850	101,383	
Printing and promotional materials	24,226	8,777	89,419	122,422	137,220	
Travel - local	29,021	315	4,960	34,296	40,116	
Events and meetings	248,225	31,393	158,560	438,178	338,544	
Organization and staff development	42,766	20,355	14,250	77,371	70,553	
Payments to affiliates	273,941	-	-	273,941	243,706	
Membership dues	7,805	9,832	1,034	18,671	10,254	
Insurance	5,333	7,424	8,736	21,493	22,268	
Miscellaneous	3,000	-	1,378	4,378	1,896	
Recruiting and moving	1,204	13,210	2,513	16,927	110,591	
Bank, merchant and third-party processor fees	40,523	22,743	28,096	91,362	61,685	
Deferred giving - donor life insurance premiums	-	1,127	88,287	89,414	102,753	
Charitable Contributions	6,624	-	-	6,624	-	
Total before depreciation	10,926,769	1,906,044	1,814,210	14,647,023	13,953,169	
Depreciation	62,773	54,427	64,224	181,424	178,245	
Total functional expenses	\$ 10,989,542	\$ 1,960,471	\$ 1,878,434	\$ 14,828,447	\$ 14,131,414	

See accompanying notes.

Notes to Financial Statements

1. Mission

The mission of United Way of Greenville County, Inc. (“United Way”) is to bring people and resources together to build a Cycle of Success, where all children in Greenville County start school prepared to learn and go on to graduate, well-educated graduates find good jobs and create stable homes, and children from stable homes continue the cycle because they start school on track and prepared for success.

2. Summary of Significant Accounting Policies

Accounting basis

The accompanying financial statements have been prepared on the accrual basis.

Cash and cash equivalents

United Way considers all highly liquid investments with a maturity of three months or less when originally purchased to be cash equivalents.

United Way maintains bank accounts covered by the Federal Deposit Insurance Corporation (“FDIC”). At times throughout the year, United Way may maintain bank account balances in excess of the FDIC insured limit. Management does not believe that United Way is exposed to any significant credit risk related to cash.

With and without donor restricted revenue and support

United Way reports 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. Contributions received are recorded as with or without donor restrictions, depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with 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 restrictions and reported on the Statement of Activities as net assets released from restrictions.

Net assets with restrictions are campaign revenues and other support restricted for future years’ operations and for grants and programs restricted for nurturing young children, strengthening families and neighborhoods, building a healthy community and outreach as well as endowment funds. Earnings from the endowment funds are recorded as net assets with donor restrictions. A portion of those earnings may be used for without donor restricted purposes in accordance with the board-approved Endowment Funds Spending Policy.

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 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 differ from those estimates.

United Way of Greenville County, Inc.
Notes to Financial Statements

Investments

Investments are presented in the financial statements in the aggregate, at fair value. Certificates of deposit are carried at the amount invested in the certificates. The fair value of investments maintained in the endowment funds is based on quoted market prices on public exchanges.

Pledges receivable

Pledges receivable are recognized as revenues in the period received. An allowance for uncollectible pledges has been estimated based on past collection results.

Property and equipment

Property and equipment are reported at cost, if purchased, or fair value at the date of donation. United Way's policy is to capitalize property and equipment which costs \$1,000 or greater. Depreciation is computed utilizing the straight-line method over the assets' respective estimated useful lives, which is forty years for the building and three to ten years for office furniture and equipment.

Donated materials and services

Donated materials and services are reflected as contributions in the accompanying financial statements at their estimated fair market values at the date of receipt. United Way pays for most services requiring specific expertise; however, a substantial number of volunteers have donated significant amounts of their time to assist the United Way. For the year ended December 31, 2019, approximately \$101,000 was recorded on the Statement of Activities for specific donated materials and specialized services; no additional amounts have been recorded for volunteer hours or other general services.

Income taxes

United Way is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code; accordingly, the accompanying financial statements do not reflect a provision or liability for federal and state income taxes. United Way has determined that it does not have any material unrecognized tax benefits or obligations as of December 31, 2019.

Methods Used for Allocation of Expenses among Program and Supporting Services

The costs of the program and supporting services of United Way have been summarized on a functional basis. Accordingly, certain costs have been allocated among the program and supporting services benefited based on full time equivalent positions or other statistical means dedicated to these functions as estimated by management.

3. Pledges Receivable

Pledges receivable represent unconditional promises to give and are usually due within one year. Pledges receivable that are collectable over future periods are discounted to their net present value. Additionally, management provides an estimate of uncollectible pledges for each campaign year. As of December 31, 2019, contributors to United Way's annual campaigns have made unconditional promises to give, of which approximately \$10,072,000 will be received within one year. Management has estimated uncollectible pledges of approximately \$1,723,000 for the 2019 and 2018 campaigns.

United Way of Greenville County, Inc.
Notes to Financial Statements

4. Net Assets

Net assets without donor restrictions at December 31, 2019 consist of the following:

Designated by board:	
Community initiatives	\$ 1,902,979
Funded operating reserve	<u>1,789,787</u>
Total designated by board	<u>3,692,766</u>
Investment in property and equipment	2,805,237
Undesignated for general activities	<u>(1,837,722)</u>
Undesignated for general activities, net	<u>967,515</u>
	<u>\$ 4,660,281</u>

United Way's deficit in undesignated net assets for general activities of approximately \$1,838,000 as of December 31, 2019 is partially funded through the use of the approximately \$1,790,000 in operating reserves.

Net assets with donor restrictions at December 31, 2019 consist of the following:

Pledge campaign	\$ 7,140,612
Endowment funds	<u>8,033,978</u>
Total with donor restricted net assets	<u>\$ 15,174,590</u>

5. Investments

Investments are included in the following statement of financial position captions at December 31, 2019:

Certificates of deposit	\$ 577,688
Endowment funds held by other organization	7,040,405
Cash surrender value of life insurance policies	962,855
Investments	<u>2,259,858</u>
Total	<u>\$ 10,840,806</u>

Net investment income is comprised of the following for the year ended December 31, 2019:

Interest and dividends	\$ 237,070
Investment fees	<u>(40,631)</u>
	<u>\$ 196,439</u>

6. Cash Surrender Value of Life Insurance

United Way has purchased insurance on the lives of certain donors. As beneficiary, United Way receives the cash surrender value if the policy is terminated and, upon death of the insured, receives all benefits payable. The cash surrender value of the life insurance policies is approximately \$963,000 at December 31, 2019.

United Way of Greenville County, Inc.
Notes to Financial Statements

7. Fair Value Disclosures

The Fair Value provision defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. The provision does not require any new fair value measurements but clarifies and standardizes some divergent practices that have emerged since prior guidance was issued. The provision creates a three-level hierarchy under which individual fair value estimates are to be ranked based on the relative reliability of the inputs used in the valuation.

The provision defines fair value as the price that would be received to sell an asset or transfer a liability in an orderly transaction between market participants at the measurement date. When determining the fair value measurements for assets and liabilities, United Way considers the principal or most advantageous market in which those assets or liabilities are sold and considers assumptions that market participants would use when pricing those assets or liabilities. Fair values determined using level 1 inputs rely on active and observable markets to price identical assets or liabilities. In situations where identical assets and liabilities are not traded in active markets, fair values may be determined based on level 2 inputs, which exist when observable data exists for similar assets and liabilities. Fair values for assets and liabilities that are not actively traded in observable markets are based on level 3 inputs, which are considered to be unobservable.

Among United Way's assets, investments and cash surrender value of life insurance policies were reported at their fair values on a recurring basis.

For assets carried at fair value on a recurring basis, the following tables provide estimated fair value information as of December 31, 2019:

Assets measured at fair value	Fair value at December 31, 2019	Fair value measurements at December 31, 2019 using:		
		Quoted prices in active markets for identical assets and liabilities (Level 1 inputs)	Quoted prices for similar assets and liabilities (Level 2 inputs)	Significant unobservable inputs (Level 3 inputs)
Money market funds held by other organizations	\$ 159,254	\$ 159,254	\$ -	\$ -
Equity investments:				
Publicly traded	883,860	883,860	-	-
Exchanged traded funds	1,180,136	1,180,136	-	-
Mutual funds:				
Debt and equity	4,043,855	4,043,855	-	-
Alternative investments:				
Hedge funds	773,300	-	-	773,300
Cash surrender value of life insurance policies	962,855	-	962,855	-
Total assets at fair value	\$ 8,003,260	\$ 6,267,105	\$ 962,855	\$ 773,300

Omitted in the table above are money market funds and certificates of deposits, described in Note 5, totaling approximately \$2,840,000.

8. Endowment Funds Held by Other Organization

The Community Foundation of Greenville ("Community Foundation") manages endowment funds approximating \$7,040,400 at December 31, 2019, from which the income is designated for the United Way. Under the terms of this agreement, the Community Foundation will administer the endowment as part of its assets. The United Way can utilize fund income for board designated and endowment purposes with the approval of its Board of Directors (the "Board") and the Community Foundation.

United Way of Greenville County, Inc.
Notes to Financial Statements

As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors of the United Way has interpreted the State Prudent Management of Institutional Funds Act ("SPMIFA") as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, United Way classifies as net assets with donor restrictions held in perpetuity (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in net assets with donor restrictions held in perpetuity is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the United Way in a manner consistent with the standard of prudence prescribed by SPMIFA. In accordance with SPMIFA, the United Way considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund,
- (2) The purposes of the organization and the donor-restricted endowment fund,
- (3) General economic conditions,
- (4) The possible effect of inflation and deflation,
- (5) The expected total return from income and the appreciation of investments,
- (6) Other resources of the organization,
- (7) The investment policies of the organization.

Changes in endowment net assets for the year ended December 31, 2019:

	<u>With Donor Restrictions</u>
Endowment net assets, beginning of year	\$ 7,086,877
Investment return:	
Net investment income	157,609
Net unrealized gains on investments	<u>1,025,960</u>
Total investment return	1,183,569
Contributions	167,116
Distributions	<u>(403,584)</u>
Endowment net assets, end of year	<u>\$ 8,033,978</u>

9. Allocations Payable

United Way's Board of Directors establishes an amount of allocations to be paid to local agencies and receives funding requests from agencies that the Board reviews based on certain criteria. At December 31, 2019, United Way had no outstanding allocations that were payable at year end.

United Way of Greenville County, Inc.
Notes to Financial Statements

10. Deferred Revenue

United Way applies an administrative processing fee related to designations to recipient agencies specified by donors. The amount of the processing fees is recorded as revenue and is withheld from the amount that United Way disburses to the recipient agencies. Deferred revenue of approximately \$151,000 at December 31, 2019 represents cost reimbursements on designations that are payable after December 31, 2019.

11. Retirement Plan

Effective January 1, 2019, United Way terminated its defined benefit pension plan. United Way has a Section 403(b) qualified defined contribution plan. The United Way is committed to matching all of the first 4% and 50% of the next 2% of salary contributions for the thrift plan by each employee. Employer contributions to the thrift plan totaled approximately \$131,000 in 2019.

12. Related Party Transactions

United Way holds various deposit and investment accounts with financial institutions at which United Way Board members are employed in executive and management roles.

13. Long-Term Debt

Long-term debt consists of the following at December 31, 2019

Mortgage	\$ 425,000
Less: current maturities	<u>5,797</u>
Long-term debt, net of current maturities	<u>\$ 419,203</u>

On December 19, 2019, the United Way entered into a mortgage with a lender for an initial amount of \$425,000. The mortgage accrues interest at a fixed rate of 5.00%. Monthly payments total \$2,485, including interest, with a final balloon payment of approximately \$359,000 due January 1, 2027.

The mortgage is collateralized by the building under purchase and does not contain any restrictive covenants.

The aggregate annual maturities of long-term debt for each of the five years subsequent to December 31, 2019 are as follows:

2020	\$ 5,797
2021	9,066
2022	9,530
2023	10,017
2024	10,530
Thereafter	<u>380,060</u>
	<u>\$ 425,000</u>

United Way of Greenville County, Inc.
Notes to Financial Statements

14. Liquidity and Availability

United Way's liquidity management structures its financial assets to be available as its general expenditures, liabilities and other obligations come due. Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

Financial assets at December 31, 2019 as follows:

Cash and cash equivalents	\$	1,746,965
Unconditional promises to gives, due in one year		8,348,896
Investments and certificates of deposit not restricted		<u>2,837,546</u>
	\$	<u>12,933,407</u>

15. Subsequent Events

Subsequent to the statement of financial position date, the outbreak and spread of the COVID-19 virus was classified as a pandemic by the World Health Organization. The spread of the virus may disrupt our organization along with the organization of our donors. These disruptions could adversely affect our ability to support community initiatives. The economic uncertainty caused by the virus has not been fully determined but could have a significant impact on our financial condition, results of activities, and cash flows. The financial statements do not reflect any adjustments as a result of the subsequent increase in economic uncertainty.

United Way carries a significant balance of marketable equity securities. As of the date the financial statements were available to be issued, the economic uncertainty caused by the outbreak has resulted in a decline in the value of marketable securities, including many of those held by United Way.

In response to the COVID-19 pandemic, the Coronavirus Aid, Relief and Economic Security (CARES) Act was signed into law on March 27, 2020. One provision of the CARES Act is the establishment of the Paycheck Protection Program (PPP) under the Small Business Administration's 7(a) program. The PPP provides for loans to be made to small businesses effected by the COVID-19 pandemic. If certain criteria are met, small businesses receiving PPP loans may have all or a portion of the loans forgiven, effectively converting the outstanding balance and accrued interest to a grant. Any portion of PPP loans not forgiven has a term of two years and bear interest at 1.0%, with repayments deferred for six months. In 2020, United Way received a PPP loan of approximately \$756,000. It is uncertain at this time what portion of the PPP loan may be forgiven, if any.

Subsequent events have been evaluated through July 23, 2020, which is the date the financial statements were available to be issued.