

LAKE AREA UNITED WAY, INC.

LIVE UNITED



FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT

DECEMBER 31, 2019 AND 2018



Clothier & Company CPA's P.C.

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Lake Area United Way, Inc.
TABLE OF CONTENTS

<u>Description</u>	<u>Pg. No.</u>
Independent Auditor's Report	4-5
Statement of Financial Position	6
Statement of Activities	7
Statement of Cash Flows	8
Statement of Functional Expenses	9
Notes to the Financial Statements	10-13
Supplemental Information	
Schedule of Agency Allocations	15



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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Lake Area United Way, Inc.
Muskogee, Oklahoma

We have audited the accompanying financial statements of Lake Area United Way, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2019 and 2018, and the related statement of activities 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.

Auditors' 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as 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 Lake Area United Way, Inc. as of December 31, 2019 and 2018, 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.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of agency allocations on page 15 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 basic financial statements as a whole.



Clothier & Company, CPA's, P.C.

June 10, 2020

Lake Area United Way, Inc.

STATEMENT OF FINANCIAL POSITION

For the Year Ended December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 419,614	\$ 356,064
Pledges receivable, net of \$25,000 allowance	317,335	295,522
Other receivables	0	0
Certificates of deposit	0	0
Investments	270,652	246,768
Total Current Assets	<u>1,007,601</u>	<u>898,354</u>
Fixed Assets		
Fixed assets	14,185	15,466
Less: Accumulated depreciation	<u>(14,185)</u>	<u>(15,466)</u>
Total Fixed Assets	0	0
Other Assets		
Utility deposits	<u>0</u>	<u>0</u>
Total Assets	<u>\$ 1,007,601</u>	<u>\$ 898,354</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 0	\$ 0
Accrued expenses	6,419	8,369
Donor restricted pledges	45,821	45,437
Total Current Liabilities	<u>52,240</u>	<u>53,806</u>
NET ASSETS		
Unrestricted	494,434	502,225
Restricted	460,928	342,323
Total Net Assets	<u>955,361</u>	<u>844,548</u>
Total Liabilities and Net Assets	<u>\$ 1,007,601</u>	<u>\$ 898,354</u>

See accompanying notes and independent auditors' report.

Lake Area United Way, Inc.

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2019 and 2018

REVENUES, GAINS, AND OTHER SUPPORT	Total			Total		
	<u>Unrestricted</u>	<u>Restricted</u>	<u>2019</u>	<u>Unrestricted</u>	<u>Restricted</u>	<u>2018</u>
Contributions	\$ 87,280	\$ 414,632	\$ 501,912	\$ 153,357	\$ 334,060	\$ 487,417
Special events	(3,913)	0	(3,913)	12,930	0	12,930
Administrative fees	897	0	897	276	0	276
Grant income	0	22,182	22,182	0	27,617	27,617
Int./Div/Gain(Loss) income	23,907	0	23,907	(5,887)	0	(5,887)
Miscellaneous income	22	0	22	2,142	0	2,142
Net assets released from restrictions:						
Expiration of time restrictions	318,209	(318,209)	0	307,535	(307,535)	0
Total revenues and other support	<u>426,402</u>	<u>118,605</u>	<u>545,007</u>	<u>470,353</u>	<u>54,142</u>	<u>524,495</u>
EXPENSES AND LOSSES						
Program services	364,158	0	364,158	452,240	0	452,240
Management and general	30,440	0	30,440	30,619	0	30,619
Fund raising	39,596	0	39,596	38,455	0	38,455
Total expenses	<u>434,194</u>	<u>0</u>	<u>434,194</u>	<u>521,314</u>	<u>0</u>	<u>521,314</u>
Change in net assets	(7,792)	118,605	110,813	(50,961)	54,142	3,181
Net assets at beginning of year	<u>502,225</u>	<u>342,323</u>	<u>844,548</u>	<u>553,186</u>	<u>288,181</u>	<u>841,367</u>
Net assets at end of year	<u>\$ 494,433</u>	<u>\$ 460,928</u>	<u>\$ 955,361</u>	<u>\$ 502,225</u>	<u>\$ 342,323</u>	<u>\$ 844,548</u>

See accompanying notes and independent auditors' report.

Lake Area United Way, Inc.

STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Cash Flows From Operating Activities:		
Change in net assets	\$ 110,813	\$ 3,181
Adjustments to reconcile change in net assets to net cash used by operating activities		
Depreciation	(1,281)	0
Loss on disposition of assets	1,281	0
(Increase) decrease in receivable	(21,813)	2,397
(Increase) decrease in C.D.'s and Trust Fund	(23,883)	70,918
Increase (decrease) in accounts payable	0	0
Increase (decrease) in accrued expenses	(1,951)	5,195
Increase (decrease) in donor designated pledges	384	(37,767)
	<u>63,550</u>	<u>43,924</u>
Net cash provided by operating activities		
Cash flows from investing activities:		
Purchase of equipment	<u>0</u>	<u>0</u>
Net cash provided (used) by investing activities	<u>0</u>	<u>0</u>
Cash flows from financing activities	<u>0</u>	<u>0</u>
Net increase in cash and cash equivalents	63,550	43,924
Cash and cash equivalents at beginning of year	<u>356,064</u>	<u>312,140</u>
Cash and cash equivalents at end of year	<u>\$ 419,614</u>	<u>\$ 356,064</u>

See accompanying notes and independent auditors' report.

Lake Area United Way, Inc.

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2018 and 2017

	Program Services	Supporting Services		Total 2019	Total 2018
		Management and General	Fund Raising		
Salaries	57,738	18,828	24,492	101,058	125,212
Employee benefits	2,153	704	913	3,770	2,202
Payroll taxes	4,887	1,592	2,073	8,554	9,161
Total Personnel Expenses	64,778	21,124	27,478	113,382	136,575
Allocation to agencies	249,778	0	0	249,778	298,542
Professional fees	2,716	886	1,152	4,754	4,855
Supplies	656	214	278	1,148	2,195
Telephone and telegraph	2,607	850	1,106	4,563	4,975
Postage and shipping	142	46	60	248	313
Occupancy	4,531	1,478	1,922	7,931	7,620
Equipment maintenance	1,863	608	790	3,261	3,036
Media/Adv/Promos	2,667	870	1,131	4,668	5,621
Travel /Mileage allowance	1,978	645	839	3,462	2,195
Conferences	134	44	57	235	160
Memberships and dues	3,152	1,028	1,337	5,517	6,882
Meeting expenses	3,570	1,164	1,515	6,249	5,588
Campaign expense	2,629	0	0	2,629	3,360
Software/Licensing	1,522	496	646	2,664	2,628
Miscellaneous	470	153	199	822	1,206
Gain/Loss on Asset Disposal	0	0	0	0	0
Bad debts	18,406	0	0	18,406	12,816
Special events	2,556	836	1,084	4,476	22,747
Total Operating Expenses	364,158	30,440	39,596	434,194	521,314
Depreciation	0	0	0	0	0
Total Functional Expenses	364,158	30,440	39,596	434,194	521,314

See accompanying notes and independent auditor's report.

Lake Area United Way, Inc.

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2019 and 2018

NOTE 1 – NATURE OF THE ORGANIZATION & SIGNIFICANT ACCOUNTING POLICIES

The Lake Area United Way, Inc. (United Way) was incorporated in 1939 under the laws of the State of Oklahoma and until August, 1979, operated as Muskogee Community Chest, Inc. In 2000, the Board of Directors approved a change in the organization's name to Lake Area United Way, Inc. The following summarizes the more significant accounting policies employed by the United Way.

Basis of Accounting

The financial statements of Lake Area United Way, Inc. have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Basis of Presentation

Financial statement presentation follows the recommendations of the FASB (Financial Accounting Standards Board) ASC 958-720-45-4. Under this standard, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Cash and Cash Equivalents

Lake Area United Way, Inc. opens a new bank account at a different bank for each campaign. They keep the current year and the previous year's accounts open and close out the 2nd year account. They also maintain an operating account for the day to day operations. For purposes of the Statement of Cash Flows, the Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Donated Property and Equipment

Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time.

Donated Services

For the year ended December 31, 2019, the Organization has recorded no donated services. The Organization pays for most services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Organization with specific assistance programs, campaign solicitations, and various committee assignments.

Lake Area United Way, Inc.

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Income Tax Status

The Organization is exempt from federal income tax under 501(c)(3) of the Internal Revenue Code. However, income, if any, from certain activities not directly related to the Organization's tax-exempt purpose would be subject to taxation as unrelated business income. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(a) and has been classified as an entity that is not a private foundation under Section 509(a)(2).

The Organization's Forms 990, *Return of Organization Exempt from Income Tax*, for the years ending 2017, 2018, and 2019 are subject to examination by the IRS generally for three years after they were filed.

Investments

The Organization carries investments in marketable securities with readily determinable fair values and all investments in debt securities at the fair values in the Statement of Financial Position. Unrealized gains and losses are included in the change in net assets in the accompanying Statement of Activities.

Investment Income and Gains

Investment income and gains restricted by donors are reported as increases in unrestricted net assets if the restrictions are met (either a stipulated time period ends or a purpose restriction is accomplished) in the reporting period in which the income and gains are recognized.

Property and Equipment

Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful life of the assets as follows:

Office Equipment	5-10 years
Furniture and Fixtures	7-8 years
Computer Equipment	5-7 years

Restricted and Unrestricted Revenue and Support

Support that is restricted by the donor is reported as an increase in unrestricted net assets 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 temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions. Lake Area United Way, Inc. did not charge an administration fee on donor-designated pledges for 2019 or 2018. Administrative fees on unrestricted revenue totaled \$897 for 2019 and \$276 for 2018.

Lake Area United Way, Inc.

Use of 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.

NOTE 2 – PLEDGES RECEIVABLE

Accounts receivable as of December 31, 2019 and 2018 are comprised of the following:

	Receivable	Reserve	Net 2019	Net 2018
2017 Pledge Rec 2018 Funding	386	28	358	54,195
2018 Pledge Rec 2019 Funding	45,911	3,353	42,558	266,327
2019 Pledge Rec 2020 Funding	296,038	21,619	274,419	0
	<u>\$342,335</u>	<u>\$25,000</u>	<u>\$317,335</u>	<u>\$320,522</u>

Note: All campaign pledges receivables are expected to be collected within one year from the date the pledge is received.

NOTE 3 – CONCENTRATIONS OF CREDIT

The Organization maintains cash balances at several financial institutions located in Muskogee, Oklahoma. The Federal Deposit Insurance Corporation insures accounts up to \$250,000 at each institution. For the year ended December 31, 2019 and 2018, the Organization had no cash balances that were uninsured.

NOTE 4 – RESTRICTIONS ON NET ASSETS

Temporarily restricted net assets available for the subsequent year’s activities:

	2019	2018
Cash in bank	\$189,415	\$142,206
Pledges receivable	342,334	266,327
Allowance for doubtful pledges	(25,000)	(20,773)
Donor designated pledges	(45,821)	(45,437)
Total temporarily restricted net assets	<u>\$460,928</u>	<u>\$342,323</u>

Temporarily restricted net assets increased this year with pledges receivable being the predominant change with an offset in the amount of designated pledges. Cash in the bank includes funds for the newest campaign, Helping Hand program, and Financial Literacy Grant that is temporarily restricted.

Lake Area United Way, Inc.

NOTE 5 – ADVERTISING

The Organization uses advertising to promote its programs among the audiences it serves. The production costs of advertising are expensed as incurred. During 2019, advertising costs totaled \$4,668.

NOTE 6 – INVESTMENTS

The Organization's investment assets at December 31, 2019 consisted of money market, certificates of deposit, and mutual funds recorded at market value as summarized below:

	Cost	Fair Value	Gain/(Loss)
Money Market	323	21,890	21,567
First Natl BK PA Greenville CD	22,996	23,003	7
Bank Baroda New York Brh CD	22,995	23,014	19
Bank India New York Brh CD	22,979	22,992	13
Bank India New York Brh CD	20,973	0	(20,973)
American Balanced Fund CI A	30,742	36,972	6,230
American Europacific Growth Fund CI A	6,842	9,167	2,325
American Tax-Exempt Bond Fund of America CI A	41,100	41,958	858
American Growth Fund of America CI A	9,659	11,485	1,826
American Income Fund of America Fund CI A	4,656	5,805	1,149
American Fundamental Investors Fund CI A	9,830	11,516	1,686
American Capital Income Builder Fund CI A	4,556	5,073	517
American Capital World Bond Fund CI A	42,397	42,700	302
Capital World Growth & Income Fund CI A	0	0	0
Federated High Income Bond Fund CI A	15,282	15,078	(205)
	<u>255,331</u>	<u>270,652</u>	<u>15,321</u>

NOTE 7 – EVALUATION OF SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through June 10, 2020, the date which the financial statements were available to be issued, and found none that needed disclosed.

Supplemental Information

Lake Area United Way, Inc.

SCHEDULE OF AGENCY ALLOCATIONS

For the Year Ended December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
<u>PARTNER AGENCIES:</u>		
American Red Cross	\$ 26,521	\$ 30,491
Boy Scouts of America	1,713	24,033
Boys & Girls Club of Tahlequah, Ok Inc	7,874	9,627
CASA for Children in Muskogee	24,759	23,391
CASA of Cherokee Country	6,313	6,803
Dolly Parton Imagination Library	20,082	22,142
Girl Scouts of Eastern Oklahoma, Magic Empire Council	7,016	15,373
Hope House of Cherokee County	5,684	7,844
Kelly B. Todd Cerebral Palsy & Neuromuscular Center	37,767	42,447
Kid's Space - Muskogee County Child Advocacy Center	29,605	33,063
Legal Aid Services of Oklahoma	28,654	18,262
Muskogee County Council of Youth Services	16,040	19,764
United Methodist Children's Home - Tahlequah	9,095	10,951
Volunteers of America - R.S.V.P	15,894	17,660
Women in Safe Home - W.I.S.H.	31,744	35,471
Total Partner Agency Allocations	<u>268,761</u>	<u>317,321</u>
<u>NON-MEMBER AGENCIES:</u>		
Gospel Rescue Mission	0	0
Salvation Army	0	1,044
Other Allocations - Non Member	11,207	11,325
Total Non-Member Agency Allocations	<u>11,207</u>	<u>12,369</u>
<u>PROGRAMS:</u>		
Dollywood Foundation	15,632	14,289
Total Program Allocations	<u>15,632</u>	<u>14,289</u>
Total Allocations	295,600	343,979
Less: Designated Pledges	(45,821)	(45,437)
Total Adjusted Allocations	<u>\$ 249,778</u>	<u>\$ 298,542</u>

The preceding amounts are the sum of cash paid and amounts payable to the organizations. The totals will differ from the amounts reported in the Statement of Functional Expenses due to donor designated pledges, which are not recorded as revenue when pledged or as expenses when paid.

See accompanying notes and independent auditors' report.