

BLACK RIVER UNITED WAY, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2022

BLACK RIVER UNITED WAY, INC.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Black River United Way, Inc.
Georgetown, South Carolina

Opinion

We have audited the accompanying financial statements of Black River United Way, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Black River United Way, Inc. as of December 31, 2022, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Black River United Way, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Black River United Way, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing

standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Black River United Way, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Black River United Way, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Love Barley & Associates, LLC

Laurens, South Carolina
April 13, 2023

BLACK RIVER UNITED WAY, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2022

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 474,000
Restricted cash	68,428
Accounts receivable	44,529
Pledges receivable	<u>51,718</u>
Total assets	<u><u>\$ 638,675</u></u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$ 11,908
Accrued payroll	6,228
Compensated absences	3,258
Deferred revenue	<u>44,882</u>
Total current liabilities	<u>66,276</u>

NET ASSETS

With donor restrictions	83,369
Without donor restrictions	<u>489,030</u>
Total net assets	<u>572,399</u>
Total liabilities and net assets	<u><u>\$ 638,675</u></u>

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

BLACK RIVER UNITED WAY, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
SUPPORT AND REVENUE			
Campaign contributions	\$ 210,497	\$ -	\$ 210,497
Disaster relief	-	355,936	355,936
Grants	208,628	113,084	321,712
Other revenue, gains and support	818	-	818
Net assets released from restrictions:			
Satisfaction of program restrictions	448,219	(448,219)	-
Total revenues, gains and other support	<u>868,162</u>	<u>20,801</u>	<u>888,963</u>
EXPENSES			
Program services:			
Programs	731,734	-	731,734
Grants	59,827	-	59,827
Total program services	<u>791,561</u>	<u>-</u>	<u>791,561</u>
Support services:			
Management and general	136,876	-	136,876
Fundraising	29,489	-	29,489
Total support services	<u>166,365</u>	<u>-</u>	<u>166,365</u>
Total expenses	<u>957,925</u>	<u>-</u>	<u>957,925</u>
Changes in operations	(89,763)	20,801	(68,962)
NONOPERATING			
Sale of assets	235,193	-	235,193
Interest income	7	-	7
Interest expense	(4,548)	-	(4,548)
Total nonoperating	<u>230,652</u>	<u>-</u>	<u>230,652</u>
Changes in net assets	140,889	20,801	161,690
NET ASSETS			
Beginning of year	<u>348,141</u>	<u>62,568</u>	<u>410,709</u>
End of year	<u>\$ 489,030</u>	<u>\$ 83,369</u>	<u>\$ 572,399</u>

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

BLACK RIVER UNITED WAY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2022

	Program Services			Support Services			
	Programs	Grants	Total	Management and General	Fundraising	Total	Total
Salaries and wages	\$ 41,723	\$ 37,272	\$ 78,995	\$ 97,353	\$ 18,636	\$ 115,989	\$ 194,984
Payroll taxes	7,017	2,201	9,218	16,372	1,100	17,472	26,690
Total salaries and related expense	<u>48,740</u>	<u>39,473</u>	<u>88,213</u>	<u>113,725</u>	<u>19,736</u>	<u>133,461</u>	<u>221,674</u>
Agency allocations	963	-	963	-	-	-	963
Disaster resiliency	287,480	-	287,480	-	-	-	287,480
Mission: Read	325,781	-	325,781	-	-	-	325,781
Other grant expenses	-	20,354	20,354	-	-	-	20,354
Bad debt	-	-	-	5,879	-	5,879	5,879
Professional fees	7,266	-	7,266	1,817	-	1,817	9,083
Insurance and licenses	16,599	-	16,599	4,150	-	4,150	20,749
Other dues and publications	12,822	-	12,822	3,206	-	3,206	16,028
Supplies	5,010	-	5,010	1,253	-	1,253	6,263
Marketing	-	-	-	-	9,753	9,753	9,753
Bank charges	-	-	-	26	-	26	26
Postage	654	-	654	163	-	163	817
Telephone	3,248	-	3,248	812	-	812	4,060
Training, meetings and travel	2,950	-	2,950	737	-	737	3,687
Utilities	2,671	-	2,671	668	-	668	3,339
Equipment (lease) maintenance	4,871	-	4,871	1,218	-	1,218	6,089
Building and grounds maintenance	4,401	-	4,401	1,153	-	1,153	5,554
Total expenses before depreciation	<u>674,716</u>	<u>20,354</u>	<u>695,070</u>	<u>21,082</u>	<u>9,753</u>	<u>30,835</u>	<u>725,905</u>
Depreciation expense	<u>8,278</u>	<u>-</u>	<u>8,278</u>	<u>2,069</u>	<u>-</u>	<u>2,069</u>	<u>10,347</u>
Total expenses	<u>\$ 731,734</u>	<u>\$ 59,827</u>	<u>\$ 791,561</u>	<u>\$ 136,876</u>	<u>\$ 29,489</u>	<u>\$ 166,365</u>	<u>\$ 957,925</u>

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

BLACK RIVER UNITED WAY, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2022

CASH FLOWS FROM OPERATING ACTIVITIES

Changes in net assets	\$ 161,690
Adjustments to reconcile changes in net assets to net cash provided by operating activities	
Depreciation	10,347
(Increase) decrease in:	
Promises to give	(35,050)
Accounts receivable	9,175
Prepaid expenses	26,667
Increase (Decrease) in:	
Accounts payable	(14,507)
Accrued payroll and other related liabilities	1,277
Deferred revenue	(8,203)
Net cash provided by operating activities	<u>151,396</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Proceeds from the sale of property and equipment	<u>196,780</u>
Net cash provided by investing activities	<u>196,780</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Repayment on debt principal	<u>(136,403)</u>
Net cash used in financing activities	<u>(136,403)</u>
Net increase in cash	211,773

CASH

Beginning of year	<u>330,655</u>
End of year	<u>\$ 542,428</u>

SUPPLEMENTAL CASH FLOW INFORMATION:

Cash paid for interest	<u>\$ 4,548</u>
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The accompanying notes are an integral part of these financial statements.

BLACK RIVER UNITED WAY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Black River United Way, Inc. (the "Organization") was incorporated under the laws of the State of South Carolina on April 28, 1970, under the name Georgetown County United Way, Inc. In 2014 Georgetown County United Way, Inc. changed its name to Black River United Way, Inc. The purpose of Black River United Way, Inc. is to create a better quality of life for people in Georgetown and Williamsburg Counties by leveraging resources; to lead early grade reading programs for children, build family self-sufficiency, and ensure disaster resiliency through preparation and mitigation; with the goal of producing the greatest community impact.

Basis of Accounting

The financial statements are presented on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables and other liabilities. Revenues are recognized when earned; expenses are recorded as incurred.

Financial Statement Presentation

The financial statements of the Organization have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America. The financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 dated August 2016, and the provisions of the American Institute of Certified Public Accountants (AICPA) Audit and Accounting Guide for Not-for-Profit Organizations (the "Guide"). (ASC) 958-205 was effective January 1, 2018.

Under the provisions of the Guide, net assets and revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified as follows:

Net Assets Without Donor Restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. The Organization's board may designate assets without restrictions for specific operational purposes from time to time. During the year ended December 31, 2022, there were no board designated net assets.

Net Assets With Donor Restrictions: Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-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 those resources be maintained in perpetuity. During the year ended December 31, 2022, net assets with donor restrictions totaled \$83,369.

Cash and Cash Equivalents

The Organization considers all cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents.

(Continued)

BLACK RIVER UNITED WAY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Accounts receivable

Accounts receivable represents payment from United Way Association of South Carolina that was a reimbursement from expenditures of the AmeriCorps grant in 2022. The Organization determines the allowance for uncollectible accounts receivable based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Accounts receivables are written off when deemed uncollectible. There was no allowance for doubtful accounts recorded at December 31, 2022.

Promises to Give

The Organization records unconditional promises to give that are expected to be collected within one year at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statements of activities. The Organization determines the allowance for uncollectible promises to give based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectible. At December 31, 2022 promises to give totaled \$57,597 and there was no allowance for the promises to give.

Contributions

In accordance with SFAS No. 116, *Accounting for Contributions Received and Contributions Made*, 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 an 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 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.

Deferred Revenue

Deferred revenue represents revenues collected but not earned as of December 31, 2022. This is primarily composed of revenue for the following years Fundraising Campaign. If a program is conducted over a fiscal year end, deferred revenue is recorded for all revenue related to programs predominately conducted in the next fiscal year. For the year ended December 31, 2022, deferred revenue totaled \$44,882.

(Continued)

BLACK RIVER UNITED WAY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Donated Assets and Services

Donated assets are recorded at fair value at the date of donation. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of assets are recorded as unrestricted support.

A substantial number of volunteers have donated significant amounts of time to the Organization's program services and fundraising campaigns. No amounts have been recognized in the statement of activities because these activities do not meet the criteria of donated services required to be recognized, as defined by FASB ASC 958-605-25-16.

Property and Equipment

Property and equipment are recorded at cost. Expenditures for maintenance, repairs and minor renewals are recorded and expensed as incurred. Expenditures for major renewals and betterments are capitalized and depreciated over their estimated useful lives. Depreciation is calculated using the straight-line method over the following estimated useful lives: furniture and fixtures – 3 to 5 years and buildings – 40 years. When property and equipment are sold or otherwise disposed of, the asset and related accumulated depreciation are removed from the accounts and any remaining gain or loss is included in operations.

Investments

The Organization records investment purchases at cost, or if donated, at fair value on the date of donation. Investments are reported at their fair values in the statements of financial position. Net investment return/(loss) is reported in the statements of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

Revenue Recognition

Revenue is recognized when earned. Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met. Grant income is recognized over the grant period in relation to the expenditures incurred and services provided, as outlined in the grant documents. Cash received in excess of grant expenditures to date is recorded as deferred revenue, and an account receivable is recorded when allowable expenditures exceed cash received.

Advertising Costs

Advertising costs (marketing) are expensed as incurred. For the year ended December 31, 2022, \$9,753 was recorded as advertising.

Fundraising Expenses

Fundraising costs are expensed as incurred. For the year ended December 31, 2022, \$29,489 was allocated as fundraising expenses.

(Continued)

BLACK RIVER UNITED WAY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Functional Expenses

A schedule of functional expenses is included within the financial statements for purposes of additional analysis. The expenses on the schedule are segregated through the use of actual expenses or by management estimate.

Income taxes

The Organization is exempt from federal and state income taxes for general purpose operations under Section 501(c)(3) of the Internal Revenue Code, which South Carolina adopted by reference in the South Carolina Tax Federal Conforming Amendments.

Financial Accounting Standards Board (FASB) ASC 740-10 prescribes a comprehensive model for how an organization should measure, recognize, present, and disclose in its financial statements uncertain tax positions that the Organization has taken or expects to take on a tax return. In accordance with FASB ASC 740-10, the Organization recognizes the tax benefits from uncertain tax positions only if it is more-likely-than-not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The Organization's income tax filings are subject to audit by various taxing authorities. Management believes that adoption of ASC 740-10 resulted in no significant impact to the Organization's financial statements.

Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues and expenses during the reporting period and the reported amounts of assets and liabilities at the date of the financial statements. On an ongoing basis, the Organization's management evaluates the estimates and assumptions based upon historical experience and various other factors and circumstances. The Organization's management believes that the estimates and assumptions are reasonable in the circumstances; however, the actual results could differ from those estimates.

Financial Instruments and Credit Risk

Financial instruments that potentially expose the Organization to concentrations of credit and market risk consist primarily of cash equivalents. Cash equivalents are maintained at high-quality financial institutions and credit exposure is limited at any one institution.

New Accounting Pronouncements

In February 2016, the FASB established Topic 842, Leases, by issuing Accounting Standards Update (ASU) No. 2016-02, which requires lessees to recognize leases on-balance sheet and disclose key information about leasing arrangements. The new standard establishes a right-of-use model (ROU) that requires a lessee to recognize a ROU asset and lease liability on the balance sheet for all leases with a term longer than 12 months. Leases will be classified as finance or operating, with classification affecting the pattern and classification of expense recognition in the income statement.

(Continued)

BLACK RIVER UNITED WAY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

The new standard is effective for on January 1, 2022, with early adoption permitted. The Organization adopted the new standard on its effective date. However, the new pronouncement did not materially affect the Organization.

NOTE 2 – LIQUIDITY

The Organization’s financial assets available within one year of the statement of financial position date for general expenditures are as follows:

Cash and cash equivalents	\$	542,428
Accounts receivable		44,529
Pledges receivable		51,718
Less: donor restrictions		(83,369)
		\$ 555,306

NOTE 3 – CASH AND CASH EQUIVALENTS

At December 31, 2022, the carrying amount of the Organization’s cash and cash equivalents was \$542,428 and the bank balance totaled \$547,846 at December 31, 2022. At December 31, 2022, bank deposits in the amount of \$500,000 were insured by Federal Deposit Insurance Coverage and \$47,846 was uninsured.

NOTE 4 – ACCOUNTS RECEIVABLE

Accounts receivable at December 31, 2022 are:

United Way Association of SC	\$	44,529
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NOTE 5 – PROMISES TO GIVE

Promises to give at December 31, 2022 are \$51,718 and are expected to be collected within one year.

NOTE 6 – EQUIPMENT

Equipment at December 31, 2022 consisted of the following:

Equipment	\$	8,120
Less: accumulated depreciation		(8,120)
		\$ -

Depreciation expense for the year ended December 31, 2022, was \$10,347 which included depreciation for the building prior to its sale on December 22, 2022.

BLACK RIVER UNITED WAY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 7 – MORTGAGE NOTE PAYABLE

On October 11, 2016, the Organization refinanced its existing mortgage on its building to a seven-year mortgage note with South State Bank. This note carries a fixed interest rate of 3.49% and is payable in monthly installments of \$1,808 for 83 months and a balloon payment of \$101,076 on November 5, 2023. On December 22, 2022, the Organization sold the building that was associated with the mortgage, paying off the mortgage in the full amount leaving the balance for mortgage payable at December 31, 2022 \$0.

NOTE 8 – CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS

Changes in net assets with donor restrictions are as follows:

Temporarily restricted, December 31, 2021	\$	62,568
Support		469,020
Released from restrictions		(448,219)
		(448,219)
Net assets with donor restrictions, December 31, 2022	\$	83,369

The following amounts remain as net assets with donor restrictions at December 31, 2022:

Program restricted:		
Mission read grant	\$	6,704
Americorps		76,665
		76,665
Net assets with donor restrictions, December 31, 2022	\$	83,369

NOTE 9 – IN-KIND LEASES

The Organization entered into an in-kind lease agreement on February 1, 2022, that ends on January 31, 2024. Rental expense totaled \$13,526 for the year ended December 31, 2022, of which \$11,000 was in-kind.

NOTE 10 - EMPLOYEE BENEFITS

Employees are allowed to carry over a total of 40 hours of unused vacation time to the following year. In the event an employee is terminated, the employee can be paid out up to 40 hours of used vacation. Compensated absences balance totaled \$3,258 for the year ended December 31, 2022.

All regular and full-time employees are eligible to participate in the Edward Jones retirement plan offered by the Organization. The Organization will contribute up to a 3% match of each participating employee's salary to the 403(b) plan, after the employee completes one year of continuous, full-time employment. Employer retirement contributions for the year ended December 31, 2022, was \$1,500.

BLACK RIVER UNITED WAY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 11 – SUBSEQUENT EVENTS

Subsequent events were evaluated through the date of the auditor’s report, April 13, 2023, which is the date the financial statements were available for issue. Events occurring after that date have not been evaluated to determine whether a change in the financial statements would be required.