

**UNITED WAY OF HORRY COUNTY, INC.**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2021 AND 2020**

**UNITED WAY OF HORRY COUNTY, INC.  
Conway, South Carolina**

**December 31, 2021 and 2020**

**C O N T E N T S**

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***Independent Auditor's Report***

To the Board of Directors of  
***United Way of Horry County, Inc.***  
Conway, South Carolina

***Opinion***

We have audited the accompanying financial statements of ***United Way of Horry County, Inc.*** (the Organization) which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years 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 United Way of Horry County, Inc. as of December 31, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

***Basis of Opinion***

We conducted our audits 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 United Way of Horry County, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

***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 the 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 United Way of Horry County, 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 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 United Way of Horry County, 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 United Way of Horry County, 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.

*Webster Rogues LLP*

Myrtle Beach, South Carolina  
September 1, 2023

UNITED WAY OF HORRY COUNTY, INC.

STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 1,005,107	\$ 752,464
Promises to give - net of allowance	205,593	269,604
Other receivables	5,002	174,535
Prepaid expenses	6,616	4,907
Certificates of deposit	100,633	154,674
Property and equipment, net	<u>121,081</u>	<u>130,834</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 1,444,032</u></b>	<b><u>\$ 1,487,018</u></b>
 <b>LIABILITIES AND NET ASSETS</b>		
Liabilities		
Partner allocations payable	\$ 384,700	\$ 357,700
Other payables to designated beneficiaries	-	-
Refundable Advances	5,000	10,000
Accrued expenses	<u>20,453</u>	<u>24,196</u>
<b>Total liabilities</b>	<b><u>410,153</u></b>	<b><u>391,896</u></b>
Net assets		
Without donor restrictions	714,405	750,857
With donor restrictions	<u>319,474</u>	<u>344,265</u>
<b>Total net assets</b>	<b><u>1,033,879</u></b>	<b><u>1,095,122</u></b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 1,444,032</u></b>	<b><u>\$ 1,487,018</u></b>

The accompanying Notes to Financial Statements are an integral part of these financial statements.

UNITED WAY OF HORRY COUNTY, INC.

STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, gains, and other support			
Contributions, net of estimated uncollectible promises to give	\$ 631,779	\$ 272,767	\$ 904,546
Grant income	-	57,807	57,807
Endowment Income	38,787	-	38,787
Investment income	1,183	-	1,183
In-kind contribution revenue	106,948	-	106,948
CARES ACT Grant	-	-	-
Other income	72,684	-	72,684
	851,381	330,574	1,181,955
Net assets released from restrictions	355,365	(355,365)	-
<b>Total revenue, gains, and other support</b>	<b>1,206,746</b>	<b>(24,791)</b>	<b>1,181,955</b>
Expenses			
Program Services			
Partner allocations and special projects	485,132	-	485,132
Impact programs	299,324	-	299,324
Service	105,457	-	105,457
<b>Total program services</b>	<b>889,913</b>	<b>-</b>	<b>889,913</b>
Supporting Services			
Fundraising	177,155	-	177,155
Management and general	176,130	-	176,130
Total supporting services	353,285	-	353,285
<b>Total expenses</b>	<b>1,243,198</b>	<b>-</b>	<b>1,243,198</b>
<b>Change in net assets</b>	<b>(36,452)</b>	<b>(24,791)</b>	<b>(61,243)</b>
Net Assets, January 1, 2021	750,857	344,265	1,095,122
<b>Net Assets, December 31, 2021</b>	<b>\$ 714,405</b>	<b>\$ 319,474</b>	<b>\$ 1,033,879</b>

The accompanying Notes to Financial Statements are an integral part of these financial statements.

UNITED WAY OF HORRY COUNTY, INC.

**STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2020**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenue, gains, and other support			
Contributions, net of estimated uncollectible promises to give	\$ 989,429	\$ 273,473	\$ 1,262,902
Grant income	-	274,883	274,883
Endowment Income	39,200	-	39,200
Investment income	4,941	-	4,941
In-kind contribution revenue	9,674	-	9,674
CARES ACT Grant	53,000	-	53,000
Other income	43,991	-	43,991
	<u>1,140,235</u>	<u>548,356</u>	<u>1,688,591</u>
Net assets released from restrictions	<u>703,255</u>	<u>(703,255)</u>	<u>-</u>
<b>Total revenue, gains, and other support</b>	<u>1,843,490</u>	<u>(154,899)</u>	<u>1,688,591</u>
Expenses			
Program Services			
Partner allocations and special projects	633,625	-	633,625
Impact programs	113,931	-	113,931
Service	87,457	-	87,457
<b>Total program services</b>	<u>835,013</u>	<u>-</u>	<u>835,013</u>
Supporting Services			
Fundraising	92,386	-	92,386
Management and general	205,918	-	205,918
Total supporting services	<u>298,304</u>	<u>-</u>	<u>298,304</u>
<b>Total expenses</b>	<u>1,133,317</u>	<u>-</u>	<u>1,133,317</u>
Change in net assets	710,173	(154,899)	555,274
Net Assets, January 1, 2020	<u>40,684</u>	<u>499,164</u>	<u>539,848</u>
<b>Net Assets, December 31, 2020</b>	<u>\$ 750,857</u>	<u>\$ 344,265</u>	<u>\$ 1,095,122</u>

The accompanying Notes to Financial Statements are an integral part of these financial statements.

**UNITED WAY OF HORRY COUNTY, INC.**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
Cash Flows From Operating Activities		
Change in net assets	\$ (61,243)	\$ 555,274
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	9,753	11,511
(Increase) decrease in:		
Promises to give	64,011	(53,661)
Other receivables	169,533	(172,035)
Prepaid expenses	(1,709)	(147)
Increase (decrease) in:		
Partner allocations payable	27,000	(193,800)
Other payables to designated beneficiaries	-	(13,630)
Refund Advances	(5,000)	10,000
Accrued expenses	(3,743)	(24,651)
<b>Net cash provided by (used in) operating activities</b>	<u>198,602</u>	<u>118,861</u>
Cash Flows From Investing Activities		
Purchases of investments	(718)	-
Maturities of investments	54,759	174,154
<b>Net cash provided by (used in) investing activities</b>	<u>54,041</u>	<u>174,154</u>
<b>Net increase in cash and cash equivalents</b>	<b>252,643</b>	<b>293,015</b>
Cash and Cash Equivalents at Beginning of Year	<u>752,464</u>	<u>459,449</u>
<b>Cash and Cash Equivalents at End of Year</b>	<u><b>\$ 1,005,107</b></u>	<u><b>\$ 752,464</b></u>

The accompanying Notes to Financial Statements are an integral part of these financial statements.



UNITED WAY OF HORRY COUNTY, INC.

STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED DECEMBER 31, 2021

	Program Services			Supporting Services		Total Program and Supporting Services
	Agency Allocations and Special Projects	Impact Programs	Service	Fundraising	Management and General	
Salaries	\$ -	\$ 64,223	\$ 71,222	\$ 92,345	\$ 94,258	\$ 322,048
Employee benefits	-	9,966	11,625	12,591	21,892	56,074
Payroll taxes	-	4,298	4,732	6,409	5,775	21,214
<b>Total salaries and related expenses</b>	-	<b>78,487</b>	<b>87,579</b>	<b>111,345</b>	<b>121,925</b>	<b>399,336</b>
Grant Awards	467,575	-	-	-	-	467,575
Events	-	213	100	4,244	659	5,216
Impact Programs	15,153	86,489	-	-	362	102,004
In Kind Donations	-	100,783	-	6,166	-	106,949
Professional fees	-	315	312	326	13,838	14,791
Dues and licenses	-	4,777	4,571	8,241	10,931	28,520
Facility Expenses	2,198	6,868	5,079	14,299	15,424	43,868
Supplies & Materials	206	3,248	1,535	25,177	4,139	34,305
Travel & Training	-	5,021	4,894	6,234	4,301	20,450
Insurance	-	1,123	1,387	1,123	4,551	8,184
Bad Debts	-	12,000	-	-	-	12,000
<b>Total expenses</b>	<b>\$ 485,132</b>	<b>\$ 299,324</b>	<b>\$ 105,457</b>	<b>\$ 177,155</b>	<b>\$ 176,130</b>	<b>\$ 1,243,198</b>

The accompanying Notes to Financial Statements are an integral part of these financial statements.

UNITED WAY OF HORRY COUNTY, INC.

STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED DECEMBER 31, 2020

	Program Services			Supporting Services		Total Program and Supporting Services
	Agency Allocations and Special Projects	Impact Programs	Service	Fundraising	Management and General	
Salaries	\$ -	\$ 53,877	\$ 60,147	\$ 41,810	\$ 100,988	\$ 256,822
Employee benefits	-	6,786	10,621	8,462	24,080	49,949
Payroll taxes	-	3,849	4,291	2,924	6,870	17,934
<b>Total salaries and related expenses</b>	-	64,512	75,059	53,196	131,938	324,705
Grant Awards	272,661	-	-	-	-	272,661
Events	-	-	-	1,117	405	1,522
Impact Programs	360,700	38,405	-	-	-	399,105
In Kind Donations	-	-	-	9,674	-	9,674
Professional fees	-	235	349	1,760	26,046	28,390
Dues and licenses	-	3,141	3,881	3,309	11,170	21,501
Facility Expenses	264	3,131	4,081	4,605	27,511	39,592
Supplies & Materials	-	1,848	1,029	16,551	3,905	23,333
Travel & Training	-	1,330	1,774	845	1,850	5,799
Insurance	-	1,329	1,284	1,329	3,093	7,035
Bad Debts	-	-	-	-	-	-
<b>Total expenses</b>	<b>\$ 633,625</b>	<b>\$ 113,931</b>	<b>\$ 87,457</b>	<b>\$ 92,386</b>	<b>\$ 205,918</b>	<b>\$ 1,133,317</b>

The accompanying Notes to Financial Statements are an integral part of these financial statements.

**UNITED WAY OF HORRY COUNTY, INC.**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021 AND 2020**

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**Note 1. Nature of Organization and Significant Accounting Policies**

Nature of Organization

Organization and Purpose United Way of Horry County, Inc. (the Organization, UWHC, or United Way) is a nonprofit corporation organized under the laws of the state of South Carolina for purpose of supporting the health and human service needs of individuals of Horry County. The mission of UWHC is to unite people, ideas and resources to advance the common good in Horry County. The Organization works to create lasting change for those most in need through a collective impact model. Focusing on improving education, health, and self-sufficiency, UWHC's impact strategy works to boost economic mobility across the region, while also helping provide a safety net for people and families in need. Annually, UWHC invests in several local nonprofit agencies and initiatives through the funding provided by generous corporate and individual donors. The Organization's program services include:

Community Investment Process

UWHC focuses on supporting a broad range of local health and human service programs. Each year, UWHC allocates funding to eligible non-profit service organizations whose measurement of outcomes match those top priority areas of Horry County.

The funding is allocated through a grant process. This process supports non-profit organizations in Horry County that work collaboratively to provide comprehensive and coordinated services that will improve access to behavioral health resources, early childhood learning, and economic mobility and achieve results greater than any single organization could achieve. UWHC shifted its community chest funding model to a collective impact model over the last several years to focus on implementing strategies identified by the UWHC Needs Assessment Report.

UWHC allocates funding in a 12-month grant cycle that began January 1, 2021 and will conclude December 31, 2021. In order for a partner agency to be eligible to receive funds allocated by UWHC, the agency must submit an application that includes goals, strategies, and outcomes that are linked to UWHC's impact strategy. The proposed activities and target outcomes must be specific, measurable, attainable, realistic, timely, and unambiguous. Agencies submit annual reports on program outcomes. Through this discipline, agencies continually improve their programs, making measurable and lasting change in the lives of people they are serving. In addition, each organization is required to comply with an annual financial certification process. This certification involves providing current financial and governance information, as well as thorough review of this information by UWHC staff, UWHC Vision Councils and oversight from the Board of Directors' Finance and Audit Committee.

SC 2-1-1

SC 2-1-1 is a service provided by the United Way Association of South Carolina. SC 2-1-1 is South Carolina's resource for free information and referral services regarding health and human services resources. SC 2-1-1 has a database of over 19,000 resources, including food pantries, homeless shelters, utility and rent assistance funds, health clinics, prescription assistance programs, counseling and substance abuse services, child care resources, senior resources, resources for persons with disabilities, and much more. UWHC pays monthly fees to United Way Association of South Carolina to provide access to SC 2-1-1 throughout Horry County.

UNITED WAY OF HORRY COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021 AND 2020

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**Note 1. Nature of Organization and Significant Accounting Policies (Continued)**

COVID-19 Relief Funds

Beginning in March 2020, UWHC worked with agencies and businesses to try and eliminate duplication of efforts and to address any unmet needs in our county from COVID-19. UWHC raised funds to support agencies providing basic need services to those most in need. For the year ended December 30, 2020, approximately \$250,078, had been raised to support relief efforts in Horry County. These funds are reported as restricted grant income in the statement of activities for the year December 31, 2020. UWHC received no fee for the administration of these funds during the year ended December 31, 2020.

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting. Under the accrual basis of accounting, revenue and related assets are recognized when earned, and expenses and the related payable are recognized when the obligation is incurred.

Basis of Presentation

The Organization prepares its financial statements in accordance with generally accepted accounting principles applicable to non-profit organizations. Under generally accepted accounting principles for non-profit organizations, the Organization is required to report information regarding its financial position and activities according to the following net asset classifications:

- 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. These net assets may be used at the discretion of management and the board of directors. The board of directors has designated, from net assets without donor restrictions, net assets for use for an emergency reserve, building reserve, and initiative reserve.
- Net assets with donor restrictions - net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature, such as those that will be met by passage of time or other events as 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 the resource was restricted has been fulfilled, or both.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. The actual outcome of the estimates could differ materially from the estimates made in the preparation of the financial statements.

**UNITED WAY OF HORRY COUNTY, INC.**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021 AND 2020**

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**Note 1. Nature of Organization and Significant Accounting Policies (Continued)**

Cash and cash equivalents

Cash and cash equivalents consist of bank demand deposits and short-term highly liquid investments which are readily convertible to cash within 90 days of purchase.

Campaign Promises to Give and Allowances for Uncollectible Promises to Give

Annual campaign pledge contributions receivable are generally paid in one year. The Organization provides an allowance for uncollectible promises to give based on historical write-off percentages at the time campaign results are recorded. This estimated allowance is periodically adjusted based on campaign collection trends. A campaign is officially closed for accounting purposes, and the final uncollectible amount determined, in the year following the year the workplace campaign collections begin. Any difference in the actual campaign collection results compared with the estimates previously recorded is reflected in the statements of functional expenses and the statements of activities.

Contributions and Support

Contributions received are recorded as net assets with or without donor restrictions depending on the existence and/or nature of any donor restrictions. All donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are released to net assets without donor restrictions and reported in the statements of activities as net assets released from 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 met. Conditional contributions with conditions met in the same reporting period in which they are received are reported as unconditional contributions.

Grant Awards

Grant awards are evaluated by management and determined to be unconditional contributions, exchange transactions, or conditional contributions. If considered to be an unconditional contribution, revenue from grants is recorded upon notification of the award. If considered to be an exchange transaction, revenue from grants is recorded as expenses are incurred under the terms of the respective grant agreement. If considered to be a conditional contribution, revenue from grants is recorded at the time the conditions on which they depend have been met. A portion of the Organization's revenue is derived from cost-reimbursable grants, which are conditioned upon certain performance requirements and/ or the incurrence of allowable qualifying expenses. Amounts received or receivable are recognized as revenue when the Organization has incurred expenditures in compliance with specific grant provisions. Any amounts received prior to incurring qualifying expenditures would be reported as refundable advances in the statement of financial position. A portion of the Organization's revenue is from fee-for-service arrangements. Management recognizes revenue from fee-for-service arrangements as services are provided at a point in time. Fees collected in advance of the completion of these services are reported as unearned revenue on the statements of financial position. Revenue is recorded at the transaction price, which does not include any price concessions. Sponsorship revenue is recognized when the event is held. Sponsorships are billed when contracts are signed, as a result, the Organization records deferred revenue and accounts receivable for any amounts for which the Organization has a right to invoice for which the events have not been held.

UNITED WAY OF HORRY COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021 AND 2020

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**Note 1. Nature of Organization and Significant Accounting Policies (Continued)**

Designated Pledges

The Organization accepts donor pledges that are designated to certain other 501(c)(3), health and human service organizations. Donor-designated pledges that are raised, processed, and distributed are assessed an administrative fee. The administrative fee cannot exceed the calculation as prescribed by the United Way Worldwide Cost Deduction Requirement for Membership Standard M. This calculation is based on actual historical costs. Designated pledges that UWHC does not process and for which no administrative fee is received (pay-direct designations) are not reported in the statement of activities.

Other Receivables

Other receivables consist of event sponsorships.

Investments

Investments at December 31, 2021 and 2020, include certificates of deposit with original maturities in excess of 90 days. These investments are stated at cost which approximates fair value. Realized gains and losses on dispositions are based on the net proceeds and the adjusted cost of the investments sold using the specific identification method. Gains and losses on investments are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law.

Property and Equipment

Property and equipment are recorded at cost less accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Additions and betterments with initial costs greater than \$2,000 and a life of greater than one year are capitalized. Those with initial costs of less than \$2,000 and/or a life of less than one year along with maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed as incurred.

Donations of property and equipment are recorded as contributions at fair value at the date of donation. Such donations are reported as increases in net assets without donor restrictions 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 recorded as net assets with donor restrictions.

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 net assets with donor restrictions to net assets without donor restrictions at that time.

Planned Major Maintenance Activities

The Organization uses the direct expensing method to account for its major maintenance activities. The method has been used historically, and no costs have been accrued in advance.

**UNITED WAY OF HORRY COUNTY, INC.**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021 AND 2020**

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**Note 1. Nature of Organization and Significant Accounting Policies (Continued)**

Compensated Absences

It is the Organization's policy to permit employees to accumulate and use, within the year, earned but unused vacation leave benefits. In all cases, vacation shall be taken in the year it is earned or no later than March 31st of the following year. Vacation leave benefits are recorded as expenses and liabilities in the period earned by employees. Compensated absences also include payroll related accruals for the Organization's share of payroll taxes.

Since the Organization has no obligation for accumulated sick leave until it is actually taken, no accrual for sick leave is included in the accompanying financial statements.

Revenue Recognition

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Contributions received are recorded as net assets with donor restrictions or net assets without donor restrictions depending on the existence and/or nature of any donor restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

Donated Services

The United Way recognizes contributed goods and services as revenue and expense if such services meet the criteria for recognition under U.S. GAAP. For the years ended December 31, 2021 and 2020, donated goods and services consisted of donated advertising. In addition to the donated goods above, a number of volunteers, including members of the board of directors and its committees as well as various volunteer assistants, contribute significant amounts of time to further the Organization's programs. The value of this contributed time does not meet the criteria for recognition of contributed services and, accordingly, is not reflected as support in the accompanying financial statements.

United Way Worldwide acts as an agent by producing or playing a significant role in producing public service announcements and advertisements on behalf of the US network of United Ways who benefit from the airtime. The valuation method used by United Way Worldwide to arrive at the total value of contributed airtime is based on records provided by their media partners of the number of impressions recorded for the advertisements that appeared based on NAB standards for valuation of market impressions. Each United Way's proportionate share of the fair value of airtime received is allocated based on its proportionate share of dues paid on an annual basis to United Way Worldwide. For the years ended December 31, 2021 and 2020, the Organization recorded in-kind contribution revenue and in-kind program expense of \$6,166 and \$9,674, respectively, for the donated advertising.

In addition to United Way Worldwide advertising, the Organization received donated advertising and other in-kind contributions for its impact programs for the year ended December 31, 2021 in the amount of \$100,782.

Functional allocation of expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the statements of functional expenses. Expenses by function have been allocated among programs and supporting services classifications on the basis of personnel time and effort studies and on estimates made by the Organization's management.

UNITED WAY OF HORRY COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021 AND 2020

**Note 1. Nature of Organization and Significant Accounting Policies** (Continued)

Concentrations of Credit and Market Risk

Financial instruments that potentially expose the Organization to concentrations of credit and market risk consist primarily of cash and cash equivalents, promises to give, and investments. Cash and cash equivalents are maintained in local branches of various financial institutions which are insured by the Federal Deposit Insurance Corporation (FDIC). The aggregate balances of the interest and non-interest-bearing accounts at each financial institution are insured up to a maximum of \$250,000. Management believes the Organization's cash equivalents do not represent significant concentrations of market risk.

Promises to give are primarily with various individuals and corporations located in Horry County, South Carolina. Realization of these receivables is dependent on various individual economic conditions.

Investments include certificates of deposit with various financial institutions. Certificates of deposit are included in the calculation of the FDIC coverage stated above for cash and cash equivalents.

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to conform with the current year presentation. These reclassifications had no effect on total net assets or the change in net assets as previously reported.

**Note 2. Liquidity and Availability**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the dates of the statements of financial position, comprise the following:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 944,095	\$ 610,969
Promises to give	110,805	150,789
Other receivables	5,002	174,535
Certificates of deposit	<u>100,633</u>	<u>154,674</u>
	<u>\$ 1,160,535</u>	<u>\$ 1,090,967</u>

The schedule above does not include amounts that have time or purpose restrictions at the date of the financial statements.

As part of the Organization's liquidity management plan, management invests excess cash in certificates of deposit. The certificates of deposit are established with staggered periods for maturity so the funds can be available if needed. The Organization's board has also designated some of these funds for specific long-term purposes. These funds can be made available for immediate use if necessary.



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**Note 3. Promises to Give**

Promises to give without and with donor restrictions at December 31, 2021 and 2020, are available for the following purposes:

	2021	2020
Without Donor Restrictions		
Promises to give - 2021 and 2020 campaigns	\$ 110,805	\$ 150,789
With Donor Restrictions		
Promises to give - 2022 and 2021 campaigns	154,476	197,087
	265,281	347,876
Allowance for doubtful promises to give	(59,688)	(78,272)
Net promises to give with donor restrictions	\$ 205,593	\$ 269,604

Management calculated the discount on receivables and determined it to be immaterial to the financial statements. Accordingly, no discount on campaign promises has been recorded for the years ended December 31, 2021 and 2020.

**Note 4. Certificates of Deposit**

Investments are comprised of the following at December 31, 2021 and 2020:

	2021	2020
Certificates of deposit	\$ 100,633	\$ 154,674
	\$ 100,633	\$ 154,674

Interest earned on investments was \$1,183 and \$4,941 for the years ended December 31, 2021 and 2020, respectively.

**Note 5. Fair Value Measurements**

Accounting principles generally accepted in the United States of America provide a framework for measuring fair value. The framework provides a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under generally accepted accounting principles applicable to fair value are described below:

- Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

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**Note 5. Fair Value Measurements (Continued)**

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets.
- Quoted prices for identical or similar assets or liabilities in inactive markets.
- Inputs other than quoted prices that are observable for the asset or liability.
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specific (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in methodologies used at December 31, 2021 and 2020.

- *Certificates of Deposit:* Valued at cost which approximates fair value.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of December 31, 2021 and 2020:

	<b>Assets at Fair Value as of December 31, 2021</b>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Certificates of deposit	<u>\$ -</u>	<u>\$ 100,633</u>	<u>\$ -</u>	<u>\$ 100,633</u>
	<u>\$ -</u>	<u>\$ 100,633</u>	<u>\$ -</u>	<u>\$ 100,633</u>

	<b>Assets at Fair Value as of December 31, 2020</b>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Certificates of deposit	<u>\$ -</u>	<u>\$ 154,674</u>	<u>\$ -</u>	<u>\$ 154,674</u>
	<u>\$ -</u>	<u>\$ 154,674</u>	<u>\$ -</u>	<u>\$ 154,674</u>

**UNITED WAY OF HORRY COUNTY, INC.**

**NOTES TO FINANCIAL STATEMENTS  
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**Note 6. Property and Equipment**

Property and equipment at December 31, 2021 and 2020, consisted of the following:

	<u>2021</u>	<u>2020</u>
Land	\$ 14,030	\$ 14,030
Landscaping and irrigation	14,737	14,737
Buildings	299,615	299,615
Sign	3,892	3,892
Furniture and fixtures	35,873	35,873
Equipment	<u>50,563</u>	<u>50,563</u>
	418,710	418,710
Less accumulated depreciation	<u>297,629</u>	<u>287,876</u>
	<u>\$ 121,081</u>	<u>\$ 130,834</u>

Depreciation expense for the years ended December 31, 2021 and 2020, was \$9,753 and \$11,511, respectively.

**Note 7. Net Assets Without Donor Restrictions and Board Designated Net Assets**

The Organization's Executive Committee has elected to allocate a portion of net assets without donor restrictions to an emergency reserve fund, a building reserve fund, and an initiative reserve fund. The target level for the emergency reserve is 25% of the amount required in the prior calendar year for administrative, campaign expenses, and allocations to agencies except agency allocations of a special non-recurring nature. The reserve level for the emergency reserve fund has been frozen at \$250,000 since 1997. The Building Reserve is equal to the cash and investments held for building improvements and was consolidated with the capital furniture and fixtures reserve. Initiative grants reserve is intended as start-up funding for new agencies or new programs at existing agencies. Additions to and uses of initiative grant funds are determined by the Board.

The balances in these funds as of December 31, 2021 and 2020, were as follows:

	<u>2021</u>	<u>2020</u>
Emergency Reserve	\$ 250,000	\$ 250,000
Capital Building Reserve	43,027	97,670
Initiative Grants Reserve	<u>41,718</u>	<u>41,718</u>
Total board designated net assets	334,745	389,388
Net assets without donor restrictions	<u>379,660</u>	<u>361,469</u>
Total net assets without donor restrictions	<u>\$ 714,405</u>	<u>\$ 750,857</u>

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**Note 8. Net Assets with Donor Restrictions**

Net assets with donor restrictions as of December 31, 2021 and 2020, consisted of the following:

	<u>2021</u>	<u>2020</u>
Time restricted		
Campaign contributions - 2022 and 2021 campaigns	\$ 258,462	\$ 202,770
Purpose restricted		
COVID	12,245	81,336
Hurricane Florence	13,397	39,397
Other Programs	35,370	20,762
Total net assets with donor restrictions	<u>\$ 319,474</u>	<u>\$ 344,265</u>

**Note 9. Rental Income**

The Organization leases 2,500 square feet of office space in the Organization's office building to a third party. The lease term was for three years beginning January 1, 2015, with a rental fee of \$2,000 per month. Total rental income for this lease for 2021 and 2020 was \$24,000 each year. The annual lease income will be \$24,000 per year. The lease is currently being renewed on a year-to-year basis.

**Note 10. Income Taxes**

The Organization files income tax returns in the U.S. federal jurisdiction.

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code except on net income derived from unrelated business activities. The Organization believes that it has appropriate support for any tax positions taken and, as such, does not have any uncertain tax positions that are material to the financial statements. Because the Organization is exempt from taxation under Internal Revenue Code 501(c)(3), the Organization is generally not exposed to interest and penalties related to income taxes. When applicable, the Organization recognizes interest and penalties paid related to tax obligations and benefits in management and general expenses.

**Note 11. Benefits Plan**

In 2020, the Organization began sponsoring a SIMPLE IRA plan under which eligible employees may participate. Employees may defer a portion of their annual compensation pursuant to Section 408(p) of the Internal Revenue Code. Upon an eligible employee's completion of minimum service requirements, the Organization matches 100% of each employee's contribution up to a maximum of 3% of eligible compensation. The Organization made contributions to the SIMPLE IRA plan of approximately \$9,154 and \$10,124 for the years ended December 31, 2021 and 2020, respectively.

**Note 12. Subsequent Events**

Subsequent events have been evaluated through September 1, 2023 which is the date the financial statements were available to be issued. There are no other subsequent events requiring disclosure of this date.