UNITED WAY OF NORTH CAROLINA

FINANCIAL STATEMENTS

As of and for the Years Ended December 31, 2019 and 2018

And Report of Independent Auditor

Cherry Bekaert LLP
CPAs & Advisors

UNITED WAY OF NORTH CAROLINA

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Cherry Bekaert LLP
CPAs & Advisors

Report of Independent Auditor

To the Board of Directors
United Way of North Carolina
Raleigh, North Carolina

Report on Financial Statements

We have audited the accompanying financial statements of United Way of North Carolina (the "Organization"), which comprise the statements of financial position as of December 31, 2019 and 2018, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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 audits 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, 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 Organization as of December 31, 2019 and 2018, 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.

Emphasis of Matter

As discussed in Note 7 to the financial statements, in January 2020 the World Health Organization declared COVID-19 to constitute a "public health emergency of international concern". Given the uncertainty of the situation and duration of any business disruption, the related financial impact cannot be reasonably estimated at this time. Our opinion is not modified with respect to this matter.

Cherry Bekaert LLP

Raleigh, North Carolina
June 11, 2020

UNITED WAY OF NORTH CAROLINA

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2019 AND 2018

	2019	2018
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 695,154	$ 413,007
Restricted cash	789,771	1,905,710
Accounts receivable	878,644	699,332
Prepaid expenses and other assets	13,028	15,735
Total Current Assets	2,376,597	3,033,784
Property and equipment, net	5,706	6,544
Total Assets	$ 2,382,303	$ 3,040,328
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable and accrued expenses	$ 1,069,884	$ 701,681
Agency funds held	677,346	1,882,314
Deferred revenue	233,465	59,247
Total Current Liabilities	1,980,695	2,643,242
Accrued for pension benefits	295,201	350,452
Total Liabilities	2,275,896	2,993,694
Net Assets:		
Without donor restrictions		
Undesignated	(6,018)	22,180
Board designated	5,761	5,761
Total Unrestricted	(257)	27,941
With donor restrictions	106,664	18,693
Total Net Assets	106,407	46,634
Total Liabilities and Net Assets	$ 2,382,303	$ 3,040,328

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

UNITED WAY OF NORTH CAROLINA

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

YEAR ENDED DECEMBER 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue:			
Local United Way dues	$ 298,967	$ -	$ 298,967
Grants	1,883,727	187,971	2,071,698
Administrative fee - State Employees Combined Campaign	415,859	-	415,859
Marketing sponsorships - State Employees Combined Campaign	31,239	-	31,239
Conference registration fees	32,411	-	32,411
Service contract revenue	1,322,449	-	1,322,449
Miscellaneous	70,471	-	70,471
	4,055,123	187,971	4,243,094
Net assets released from restrictions	100,000	(100,000)	-
Total Support and Revenue	4,155,123	87,971	4,243,094
Expenses:			
Program Services:			
Member services	254,990	-	254,990
State Employees Combined Campaign	398,274	-	398,274
Government relations	59,035	-	59,035
North Carolina 211	3,258,233	-	3,258,233
Total Program Services	3,970,532	-	3,970,532
Management and general	305,215	-	305,215
Total Expenses	4,275,747	-	4,275,747
Changes in net assets from operating activities	(120,624)	87,971	(32,653)
Nonoperating - pension-related changes other than net periodic pension cost	92,426	-	92,426
Changes in net assets	(28,198)	87,971	59,773
Net assets, beginning of year	27,941	18,693	46,634
Net assets, end of year	$ (257)	$ 106,664	$ 106,407

UNITED WAY OF NORTH CAROLINA

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

YEAR ENDED DECEMBER 31, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue:			
Local United Way dues	$ 319,961	$ -	$ 319,961
Grants	59,215	838,225	897,440
Administrative fee - State Employees Combined Campaign	370,980	-	370,980
Marketing sponsorships - State Employees Combined Campaign	31,239	-	31,239
Conference registration fees	141,262	-	141,262
Service contract revenue	1,866,498	-	1,866,498
Miscellaneous	35,291	-	35,291
	2,824,446	838,225	3,662,671
Net assets released from restrictions	842,824	(842,824)	-
Total Support and Revenue	3,667,270	(4,599)	3,662,671
Expenses:			
Program Services:			
Member services	1,054,079	-	1,054,079
State Employees Combined Campaign	362,498	-	362,498
Government relations	43,121	-	43,121
North Carolina 211	1,894,838	-	1,894,838
Total Program Services	3,354,536	-	3,354,536
Management and general	280,576	-	280,576
Total Expenses	3,635,112	-	3,635,112
Changes in net assets from operating activities	32,158	(4,599)	27,559
Nonoperating - pension-related changes other than net periodic pension cost	(48,592)	-	(48,592)
Changes in net assets	(16,434)	(4,599)	(21,033)
Net assets, beginning of year	44,375	23,292	67,667
Net assets, end of year	$ 27,941	$ 18,693	$ 46,634

The accompanying notes to the financial statements are an integral part of this statement.

UNITED WAY OF NORTH CAROLINA
STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2019

	Program Services					Support Services	
	Member Services	State Employees Combined Campaign	Government Relations	North Carolina 211	Total	Management and General	Total
Salaries	$ 55,839	$ 175,476	$ 15,054	$ 375,148	$ 621,517	$ 100,926	$ 722,443
Payroll taxes and employee benefits	18,648	26,024	3,985	113,666	162,323	82,033	244,356
Total Salaries and Related Expenses	74,487	201,500	19,039	488,814	783,840	182,959	966,799
Consultant and professional services	12,072	72,526	39,996	52,559	177,153	72,454	249,607
Conferences and meetings	41,365	8,196	-	34,735	84,296	11,145	95,441
NCCARES 360	-	-	-	2,522,000	2,522,000	-	2,522,000
Occupancy	-	21,918	-	36,322	58,240	8,165	66,405
Sponsored marketing costs	-	38,057	-	-	38,057	-	38,057
Equipment rental and maintenance	-	3,562	-	1,109	4,671	7,827	12,498
Department executive program	-	24,958	-	145	25,103	-	25,103
Postage and freight	69	18,501	-	587	19,157	529	19,686
Telephone and internet	-	2,836	-	-	2,836	6,618	9,454
Supplies and copying	5,609	4,446	-	1,160	11,215	7,862	19,077
Other programmatic expenses	-	1,245	-	89,987	91,232	-	91,232
Bank account and merchant fees	405	300	-	5	710	4,473	5,183
Depreciation	-	-	-	-	-	869	869
Advertising	413	229	-	11,915	12,557	-	12,557
Liability insurance	-	-	-	-	-	1,555	1,555
Distributions to community agencies	100,000	-	-	-	100,000	-	100,000
Miscellaneous	20,570	-	-	18,895	39,465	759	40,224
	$ 254,990	$ 398,274	$ 59,035	$ 3,258,233	$ 3,970,532	$ 305,215	$ 4,275,747

UNITED WAY OF NORTH CAROLINA
STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2018

	Program Services					Support Services	
	Member Services	State Employees Combined Campaign	Government Relations	North Carolina 211	Total	Management and General	Total
Salaries	$ 62,554	$ 179,618	$ 19,687	$ 184,224	$ 446,083	$ 69,341	$ 515,424
Payroll taxes and employee benefits	17,677	55,124	3,949	50,515	127,265	39,736	167,001
Total Salaries and Related Expenses	80,231	234,742	23,636	234,739	573,348	109,077	682,425
Consultant and professional services	5,822	24,901	18,458	755,631	804,812	99,979	904,791
Conferences and meetings	142,483	3,187	775	1,043	147,488	1,349	148,837
NCCARES360	-	-	-	837,785	837,785	-	837,785
Disaster relief expenditures	819,532	-	-	-	819,532	-	819,532
Occupancy	-	9,173	-	17,865	27,038	19,773	46,811
Sponsored marketing costs	-	49,751	-	119	49,870	-	49,870
Equipment rental and maintenance	-	-	-	-	-	995	995
Department executive program	-	22,504	-	-	22,504	-	22,504
Postage and freight	106	8,031	-	246	8,383	4,597	12,980
Travel expenses	4,415	5,311	-	11,086	20,812	9,065	29,877
Telephone and internet	-	-	-	890	890	7,674	8,564
Supplies and copying	381	579	-	19,739	20,699	13,367	34,066
Bank account and merchant fees	540	1,009	-	133	1,682	3,458	5,140
Depreciation	-	-	-	-	-	1,363	1,363
Advertising	-	1,311	-	12,983	14,294	1,706	16,000
Printing and publications	331	590	-	563	1,484	2,371	3,855
Liability insurance	-	-	-	-	-	2,008	2,008
Staff training and education	-	35	-	175	210	-	210
Membership dues and subscriptions	225	260	252	1,468	2,205	852	3,057
Interest	-	-	-	-	-	47	47
Miscellaneous	13	1,114	-	373	1,500	2,895	4,395
	$ 1,054,079	$ 362,498	$ 43,121	$ 1,894,838	$ 3,354,536	$ 280,576	$ 3,635,112

UNITED WAY OF NORTH CAROLINA

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019	2018
Cash flows from operating activities:		
Changes in net assets	$ 59,773	$ (21,033)
Adjustments to reconcile changes in net assets to		
net cash flows from operating activities:		
Effect of North Carolina 211 absorption, net	-	9,213
Depreciation	838	1,363
Changes in operating assets and liabilities:		
Accounts receivable	(179,312)	(321,578)
Prepaid expenses and other assets	2,707	(5,295)
Accounts payable and accrued expenses	368,203	479,094
Accrued for pension benefits	(55,251)	29,479
Deferred revenue	174,218	3,738
Net cash from operating activities	371,176	174,981
Cash flows from investing activities:		
Sales of investments	-	35,769
Purchases of property and equipment	-	(6,474)
Net cash flows from investing activities	-	29,295
Cash flows from financing activities:		
Agency funds held	(1,204,968)	416,386
Net (decrease) increase in cash and cash equivalents	(833,792)	620,662
Cash, cash equivalents, and restricted cash, beginning of year	2,318,717	1,698,055
Cash, cash equivalents, and restricted cash, end of year	$ 1,484,925	$ 2,318,717

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

Note 1—Organization and significant accounting policies and practices

Organization – United Way of North Carolina (the "Organization") was incorporated in 1951 and serves local United Way agencies by providing technical assistance and consultation. The Organization is supported primarily through membership dues by local United Way agencies and its contract to act as administrator for the North Carolina State Employee Combined Campaign ("SECC"). Effective January 1, 2018, the Organization consolidated its operations with North Carolina 211, a non-profit entity.

Basis of Presentation – The financial statements of the Organization have been prepared on the accrual basis of accounting. In preparing its financial statements, the Organization's net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") which requires the Organization to report information regarding its financial position and activities in the following two classes:

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 mission of the Organization. These net assets may be used at the discretion of the Organization's management and the Board of Directors (the "Board"). The use of some net assets without donor restrictions may be further limited by Board designations, including quasi-endowment or other designations.

Net Assets With Donor Restrictions – Net assets subject to stipulations imposed by donors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. Generally, when donors impose perpetual restrictions on their gifts, this permits the Organization to use all or part of the earnings on related investments for general or specific purposes.

Current Year Implementations – On May 28 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2014-09, *Revenue from Contracts with Customers*, as amended. The standard's core principle is that a company will recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. This standard also includes expanded disclosure requirements that result in an entity providing users of financial statements with comprehensive information about the nature, amount, timing, and uncertainty of revenue and cash flows arising from the entity's contracts with customers. The Organization adopted this standard and applied it retrospectively to all periods presented. Results for reporting periods beginning after January 1, 2018 are presented under ASC 606. For the years ended December 31, 2019 and 2018, the financial statements were not materially impacted by the adoption of ASC 606.

Upcoming Accounting Pronouncements – In February 2016, FASB issued ASU 2016-02, *Leases*. The standard requires all leases with lease terms over 12 months to be capitalized as a right-of-use asset and lease liability on the balance sheet at the date of lease commencement. Leases will be classified as either finance or operating. This distinction will be relevant for the pattern of expense recognition in the income statement. This standard will be effective for the calendar year ending December 31, 2021. The Organization is currently in the process of evaluating the impact of adoption of this ASU on the financial statements.

Estimates – The preparation of financial statements in conformity with U.S. GAAP 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 changes in net assets during the reporting period. Actual results could differ from those estimates.

Note 1—Organization and significant accounting policies and practices (continued)

Income Taxes – The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the “Code”) as a public charity. The Organization has also been classified as an entity that is not a private foundation within the meaning of Section 509(a) of the Code and qualifies for deductible contributions provided in the Code.

The Organization follows FASB guidance on accounting for uncertainty in income taxes. The guidance clarifies the accounting for uncertainty in income taxes recognized in an entity’s financial statements by prescribing a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The Organization’s policy is to record a liability for any tax position taken that is beneficial to the Organization including any related interest and penalties, when it is more likely than not (more than 50% likelihood) the position taken by management with respect to a transaction or class of transactions will be overturned by a taxing authority upon examination. Management believes there are no such positions as of December 31, 2019 and 2018 and, accordingly, no liability has been accrued.

Cash and Cash Equivalents – The Organization considers all demand deposits at financial institutions and all highly liquid debt instruments purchased with original maturities of three months or less to be cash and cash equivalents. The Organization had no cash equivalents as of December 31, 2019 and 2018. The Federal Deposit Insurance Corporation covers $250,000 for substantially all depository accounts. The Organization from time to time may have amounts on deposit in excess of these insured numbers. The Organization had $1,110,155 and $2,277,298 of cash in excess of these insured amounts as of December 31, 2019 and 2018, respectively.

Restricted Cash – Cash held by the Organization to be distributed on the behalf of other parties is restricted. The Organization holds funds that are to be distributed on behalf of the SECC and the Governor’s office. The Organization does not have variance power over the full amount and, as such, also recognizes a liability as agency funds held.

Financial Instruments and Credit Risk Concentration – Financial instruments, which potentially subject the Organization to concentrations of credit risk, consist primarily of short-term investments (cash equivalents) and contributions receivable. The Organization’s investment policy is intended to limit its exposure to credit risk. The Organization has not experienced any significant losses in such accounts and believes it is not exposed to any significant financial risk therein.

Dues – The Organization collects dues from the local United Ways located in North Carolina. These dues are used to support the operating budget of the Organization. The local United Ways pay dues at their own discretion; therefore, the amount actually collected may differ from the amount requested by the Organization. Management of the Organization reviews the collectability of dues receivable on a periodic basis and utilizes the allowance method. There was no allowance as of the years ended December 31, 2019 and 2018.

Note 1—Organization and significant accounting policies and practices (continued)

Receivables – The policy of the Organization is to record grant and contract funds as receivables when earned. Receivables are stated at unpaid balances, less an allowance for doubtful accounts. There was no allowance as of the years ended December 31, 2019 and 2018.

Contributions – Contributions are recognized as revenue at the time the contribution or unconditional promise to give is received by the Organization or an agent of the Organization, net of estimated uncollectible amounts. All contributions are considered available for use unless specifically restricted by the donor. Amounts restricted by time or purpose are reported as support with donor restrictions and increase those net asset classes. When a donor restriction expires, that is, when a stipulated time restriction ends or donor restriction is met, contributions are reported as net assets released from restrictions in the statements of activities and changes in net assets. Unconditional promises to give are expected to be collected within the stipulated time period. Conditional promises to give are not included as support until such time as the conditions upon which they depend are substantially met.

State Employees Combined Campaign – As discussed above, the Organization administers the SECC. Per the terms of the contract, the Organization recovers its expenses of administering the campaign in an amount equal to 12% of the previous year's pledges. The 2019 fee is 12% of the funds pledged in 2017 and 2018 for the 2018 campaign. A payment of the administrative fee in the amounts of $415,859 and $370,980 was paid to the Organization in 2019 and 2018, respectively.

Property and Equipment – Computer equipment and software are recorded at cost. Depreciation and amortization of computer equipment and software is provided on a straight-line basis over the estimated useful lives of the assets ranging from three to five years. Maintenance, repairs, and minor equipment purchases are expensed when incurred. It is the Organization's policy to capitalize expenses that are greater than $1,500. No donated assets were received during the years ended December 31, 2019 and 2018.

The Organization reviews its long-lived assets for impairment whenever events or circumstances indicated the carrying amount of an asset may not be recoverable. If this review indicates that the asset will not be recoverable, based on the expected cash flows of the related asset, an impairment loss is recognized and the asset's carrying value is reduced. No such impairment loss was recognized during the years ended December 31, 2019 and 2018.

Pension Benefits – The Organization is a participant in a qualified retirement plan which is administered by the Mutual of America Life Insurance Company. The plan covers substantially all employees eligible in 2012 and provides for certain benefits. The funded status of the Organization's defined benefit pension plan is recognized on the statement of financial position. The funded status is measured as the difference between the fair value of plan assets and the benefit obligation at the measurement date. The benefit obligation is the projected benefit obligation, which represents the actuarial present value of benefits expected to be paid upon retirement based on future compensation levels. The fair value of plan assets represents the current market value of cumulative Organization contributions. The Organization's contribution amounts are actuarially determined. During 2012, the Board of the Organization elected to freeze the defined benefit pension plan as of December 31, 2012.

Deferred Revenue – Amounts received in advance of providing services are deferred and recognized as revenue as the related services are performed.

Note 1—Organization and significant accounting policies and practices (continued)

Donated Materials and Services – Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received. Donated goods are reflected as contributions in the accompanying statements at their estimated values with an offsetting charge to expense. No in-kind contributions were recorded for 2019 or 2018.

The Organization receives a significant amount of donated services from unpaid volunteers who assist in program activities. No amounts have been recognized in the statements of activities and changes in net assets because the criteria for recognition have not been satisfied.

Advertising – The Organization expenses advertising production costs as they are incurred and advertising communication costs the first time the advertising takes place. Advertising expense was $12,557 and $16,000 for the years ended December 31, 2019 and 2018, respectively.

Functional Allocation of Expenses – The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities and changes in net assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited, with time spent towards the program serving as the basis of allocation.

Note 2—Liquidity and availability

As of December 31, 2019 and 2018, the following table shows the total financial assets held by the Organization and the amounts of those financial assets that could readily be made available within one year of the balance sheet date to meet general expenditures:

	2019	2018
Financial assets at year-end:		
Cash and cash equivalents	$ 1,484,925	$ 2,318,717
Accounts receivable	878,644	699,332
	2,363,569	3,018,049
Less amounts not available to be used within one year:		
Net assets with donor restrictions, net of amounts available for expenditure	(106,664)	(18,693)
Designations established by the Board, net of amounts available for expenditure	(5,761)	(5,761)
Agency fund cash held	(677,346)	(1,882,314)
	(789,771)	(1,906,768)
Financial assets available to meet general expenditures over the next 12 months	$ 1,573,798	$ 1,111,281

Note 3—Property and equipment, net

Property and equipment consist of the following at December 31, 2019 and 2018:

	2019	2018
Leasehold improvements	$ 4,000	$ 4,000
Office furniture	32,756	32,756
Office equipment	261,556	261,556
	298,312	298,312
Less accumulated depreciation	(292,606)	(291,768)
	$ 5,706	$ 6,544

Depreciation expense was $838 and $1,363 for the years ended December 31, 2019 and 2018.

It is the policy of the Board to review its plans for future acquisitions from time to time and to designate appropriate sums to assure adequate financing of such acquisitions, with such amounts included in unrestricted net assets. There were no Board designations for acquisitions at December 31, 2019 and 2018.

Note 4—Lease commitments

The initial lease for the Organization's office space ran from December 16, 2010 to February 28, 2015. An amendment was signed December 1, 2014 extending the lease term through May 31, 2018. During 2018, the Organization signed lease agreements through 2023 for two suites at a new office space location. Rent expense for office space totaled $66,404 and $29,367 for 2019 and 2018, respectively.

The Organization leases office equipment under operating lease agreements that expire at various dates through 2023. Equipment lease expense was $7,508 and $995 for 2019 and 2018, respectively. Future minimum rental payments required under these operating leases are as follows:

Years Ending December 31,	
2020	$ 74,239
2021	76,472
2022	78,760
2023	63,434
	$ 292,905

Note 5—Pension benefits

The Organization is a participant in a qualified retirement plan which is administered by the Mutual of America Life Insurance Company. The plan covers substantially all employees eligible in 2012 and provides for certain benefits. The Organization's contribution amounts are actuarially determined. During 2012, the Board elected to freeze the defined benefit pension plan as of December 31, 2012.

Components of net periodic pension cost for the years ended December 31, 2019 and 2018 are summarized below:

	2019	2018
Service cost	$ 4,770	$ 4,770
Interest cost	30,486	26,834
Actual return on plan assets	(92,136)	32,891
Amortization of unrecognized net loss	82,283	19,924
Asset loss deferred	67,157	(60,032)
Net periodic pension cost	$ 92,560	$ 24,387

The net periodic pension cost was determined using the following weighted average assumptions:

	2019	2018
Discount rate on the benefit obligation	4.00%	3.50%
Rate of expected return on plan assets	6.00%	6.00%
Rate of employee compensation increase	0.00%	0.00%

The expected long-term rate of return on plan assets assumption of 6% for 2019 was selected using an approach set forth by the Actuarial Standards Board. Based on the Organization's investment allocation for the pension plan in effect as of the beginning of each fiscal year, a best estimate range was determined for both the real rate of return (net of inflation and investment expense) and for inflation based on a long-term historical return on the applicable asset classes. An average inflation rate within the range equal to 3% was selected and added to the real rate of return range to arrive at a best estimate range of 4.90% to 10.84%. A rate of 6%, which was within the best estimate range, was selected for 2019.

As of December 31, 2019 and 2018, the accumulated benefit obligation was $868,685 and $797,999, respectively. Accumulated benefit obligation represents the actuarial present value of benefits owed for service to date if the employees continue in employment until normal retirement age at current wage rates, but since December 31, 2012, this amount now equals the projected benefit obligation due to the curtailment of the pension plan.

Note 5—Pension benefits (continued)

The changes in projected benefit obligation, plan assets, and the net amount recognized on the statements of financial position are as follows:

	2019	2018
Projected benefit obligation:		
Balance, beginning of year	$ 797,999	$ 779,360
Service cost	4,770	4,770
Interest cost	30,486	26,834
Assumption changes	48,920	1,508
Actuarial loss	7,959	6,976
Expense charges	(4,710)	(4,710)
Benefits disbursed	(16,739)	(16,739)
Balance, end of year	868,685	797,999
Plan assets:		
Fair value, beginning of year	447,547	458,387
Actual investment results	92,136	(32,891)
Organization contributions	55,250	43,500
Benefits paid to participants, including expense charges	(21,449)	(21,449)
Fair value, end of year	573,484	447,547
Excess of projected benefit obligation over fair value of plan assets	$ 295,201	$ 350,452

Actuarial loss included in net assets without donor restrictions that has not yet been recognized as components of pension expense totaled $226,926 and $319,961 as of December 31, 2019 and 2018, respectively. The estimated amount to be reclassified as net periodic pension costs in 2019 and 2018 is $61,253 and $19,113, respectively.

The following is an analysis of plan assets by class as of December 31, 2019 and 2018:

	2019		2018	
Equity	$ 373,180	58%	$ 261,115	59%
Fixed income	174,068	36%	160,960	36%
General account	26,236	6%	25,472	5%
Total plan assets	$ 573,484	100%	$ 447,547	100%

Note 5—Pension benefits (continued)

The Organization's overall strategy is to invest in high-grade securities and other assets with a minimum risk of market value fluctuation.

The Organization's policy is to fund the plan in amounts consistent with the funding requirements of federal laws and regulations.

The expected future benefit payments for each of the next five fiscal years and in the aggregate for the next five years are as follows:

Years Ending December 31,	
2020	$ 93,000
2021	110,000
2022	86,000
2023	17,000
2024	17,000
2025 - 2029	158,000
	$ 481,000

Note 6—Restrictions on net assets

In 2016, the Organization began collecting donations for the United Way Helps North Carolina Fund for Hurricane Matthew disaster relief. As of December 31, 2019 and 2018, funds totaling $106,664 and $18,693, respectively, were available and have been reported as net assets without donor restrictions.

In 1998, the Organization began collecting fees for the tri-state conference. The excess of fees over expenses related to this conference are to be used for future tri-state conferences. As of both December 31, 2019 and 2018, funds totaling $4,969 were available and have been reported as net assets without donor restrictions Board designated.

In 2004, the Organization received contributions for the John Walker Memorial Fund. The Board voted to designate these funds to United Way for training support. As of both December 31, 2019 and 2018, funds totaling $792 were available and have been reported as net assets without donor restrictions Board designated.

Note 7—Subsequent events

The Organization has evaluated subsequent events through June 11, 2020, which represents the date the financial statements were available to be issued. Towards the end of December 2019, an outbreak of a novel strain of coronavirus ("COVID-19") emerged globally. The extent to which COVID-19 may impact the Organization's results will depend on future developments, which are highly uncertain and cannot be predicted.