

UNITED WAY OF CHAMPAIGN COUNTY, ILLINOIS, INC.

Savoy, Illinois

**Financial Statements**

For the Years Ended

June 30, 2018 and 2017

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors and Management  
United Way of Champaign County, Illinois, Inc.  
Savoy, Illinois

We have audited the accompanying financial statements of United Way of Champaign County, Illinois, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2018 and 2017, and the related statements of activities, 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 the 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 audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 United Way of Champaign County, Illinois, Inc. as of June 30, 2018 and 2017, 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.

*Martin Hood LLC*

Champaign, Illinois  
September 11, 2018

UNITED WAY OF CHAMPAIGN COUNTY, ILLINOIS, INC.  
Statements of Financial Position  
June 30, 2018 and 2017

ASSETS		
	2018	2017
<b>Current Assets</b>		
Cash	\$ 1,694,741	\$ 1,422,306
Campaign Promises to Give, Net of Allowance of \$170,683 and \$158,293, respectively	826,170	787,820
Grants Receivable	18,064	18,064
Other Current Assets	23,345	22,081
Total Current Assets	2,562,320	2,250,271
<b>Property and Equipment, Net</b>	525,044	346,744
<b>Other Assets</b>		
Investments	1,772,571	1,642,018
Endowment Promises to Give	67,000	88,000
Total Other Assets	1,839,571	1,730,018
Total Assets	\$ 4,926,935	\$ 4,327,033
LIABILITIES AND NET ASSETS		
<b>Current Liabilities</b>		
Accounts Payable and Accrued Expenses	\$ 57,593	\$ 59,105
Unearned Grant Revenue	21,863	21,817
Designations Payable	352,256	355,283
Allocations Payable	1,383,382	1,340,886
Total Current Liabilities	1,815,094	1,777,091
<b>Net Assets</b>		
Unrestricted:		
Undesignated	1,347,065	1,249,450
Board Designated	542,965	276,515
Total Unrestricted	1,890,030	1,525,965
Temporarily Restricted	284,272	173,711
Permanently Restricted	937,539	850,266
Total Net Assets	3,111,841	2,549,942
Total Liabilities and Net Assets	\$ 4,926,935	\$ 4,327,033

See Accompanying Notes

UNITED WAY OF CHAMPAIGN COUNTY, ILLINOIS, INC.  
Statements of Activities

For The Years Ended June 30, 2018 and 2017

	2018			2017				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>Support and Revenue</b>								
Campaign Contributions	\$ 2,400,610	\$ 131,574	\$ 12,410	\$ 2,544,594	\$ 2,258,609	\$ 125,585	\$ 7,650	\$ 2,391,844
Future Campaign Contributions	-	120,530	-	120,530	-	3,500	-	3,500
Provision for Uncollectible Promises to Give	(85,701)	(40,477)	-	(126,178)	(64,635)	(40,738)	-	(105,373)
Net Campaign Contributions	2,314,909	211,627	12,410	2,538,946	2,193,974	88,347	7,650	2,289,971
Non-Campaign Contributions	-	74,153	83,789	157,942	50,000	66,485	-	116,485
Management Fees - Designated Promises to Give	44,525	-	-	44,525	44,811	-	-	44,811
Sponsorships	-	29,610	-	29,610	-	23,586	-	23,586
Grant Revenue	77,660	-	-	77,660	77,752	-	-	77,752
Special Events, Net of Direct Costs of \$10,070 (Unrestricted) and \$40,197 (Temporarily Restricted), and \$9,258 (Unrestricted) and \$45,947 (Temporarily Restricted), Respectively	(1,108)	83,280	-	82,172	(1,418)	67,847	-	66,429
Other Income	4,620	-	-	4,620	3,121	-	-	3,121
Change in Endowment Promise to Give	-	-	(21,000)	(21,000)	-	-	(34,000)	(34,000)
Interest and Dividends	12,774	-	-	12,774	9,927	-	-	9,927
Net Realized and Unrealized Gain (Loss) on Investments	25,410	24,944	12,074	62,428	37,254	38,407	29,340	105,001
Net Assets Released from Restrictions	313,053	(313,053)	-	-	218,512	(218,512)	-	-
Gain on Sale of Property	193,490	-	-	193,490	-	-	-	-
Total Support and Revenue	2,985,333	110,561	87,273	3,183,167	2,633,933	66,160	2,990	2,703,083
<b>Expenses</b>								
Program Services	2,036,008	-	-	2,036,008	1,944,796	-	-	1,944,796
Supporting Services:								
Resource Development	375,736	-	-	375,736	336,604	-	-	336,604
Administration and General	209,524	-	-	209,524	181,283	-	-	181,283
Total Supporting Services	585,260	-	-	585,260	517,887	-	-	517,887
Total Expenses	2,621,268	-	-	2,621,268	2,462,683	-	-	2,462,683
<b>Increase (Decrease) in Net Assets</b>	364,065	110,561	87,273	561,899	171,250	66,160	2,990	240,400
<b>Net Assets, Beginning of Year</b>	1,525,965	173,711	850,266	2,549,942	1,354,715	107,551	847,276	2,309,542
<b>Net Assets, End of Year</b>	\$ 1,890,030	\$ 284,272	\$ 937,539	\$ 3,111,841	\$ 1,525,965	\$ 173,711	\$ 850,266	\$ 2,549,942

UNITED WAY OF CHAMPAIGN COUNTY, ILLINOIS, INC.  
 Statements of Functional Expenses  
 For The Years Ended June 30, 2018 and 2017

	2018				2017				
	Supporting Services		Total		Supporting Services		Total		
	Program Services	Resource Development	Administration and General	Supporting Services	Program Services	Resource Development	Administration and General	Supporting Services	
<i>Direct Program Costs</i>	\$ 1,391,652	\$ -	\$ -	\$ -	\$ 1,391,652	\$ 1,360,886	\$ -	\$ -	\$ 1,360,886
Program Funding Allocations	207,842	-	-	-	207,842	167,174	-	-	167,174
<i>Personnel Costs</i>									
Salaries	270,040	207,177	90,204	297,381	567,421	257,798	90,031	270,921	528,719
Employee Benefits	49,807	39,562	14,744	54,306	104,113	48,281	14,250	50,877	99,158
Payroll Taxes	20,452	15,627	6,774	22,401	42,853	19,513	6,940	20,661	40,174
Contractual Services	-	-	9,200	9,200	9,200	-	9,200	9,200	9,200
Workers Compensation	1,302	999	435	1,434	2,736	1,257	439	1,321	2,578
<i>Professional Services</i>									
Audit Services	-	-	14,375	14,375	14,375	-	14,300	14,300	14,300
Legal Services	-	-	25	25	25	-	25	25	25
<i>Office Expenses</i>									
Postage	3,335	2,559	1,114	3,673	7,008	2,993	1,046	3,146	6,139
Office Supplies	2,074	1,592	693	2,285	4,359	2,253	787	2,367	4,620
Stationery/Printing	1,699	1,304	568	1,872	3,571	440	154	463	903
<i>Occupancy Costs</i>									
Depreciation	15,578	11,951	5,204	17,155	32,733	17,134	5,984	18,007	35,141
Moving Expense	-	-	27,841	27,841	27,841	-	-	-	-
Computer Support Agreement	6,772	9,491	2,262	11,753	18,525	3,682	1,286	7,979	11,661
Building Maintenance	7,479	5,738	2,498	8,236	15,715	6,581	2,298	6,915	13,496
Utilities	5,946	4,562	1,986	6,548	12,494	5,352	1,869	5,624	10,976
Telephone	5,377	4,125	1,797	5,922	11,299	5,336	1,864	5,608	10,944
Equipment Maintenance	2,591	1,988	866	2,854	5,445	2,393	836	2,515	4,908
Building Insurance	2,328	1,786	778	2,564	4,892	2,514	878	2,642	5,156
<i>Marketing and Communication Costs</i>									
Materials - Development and Production	10,724	26,443	-	26,443	37,167	9,446	-	26,298	35,743
Events and Programs	5,778	11,155	-	11,155	16,933	1,705	-	14,869	16,574
Recognitions	898	2,751	-	2,751	3,649	1,519	-	2,351	3,870
<i>Other Expenses</i>									
Affiliation Dues	18,586	14,259	6,209	20,468	39,054	20,189	7,051	21,217	41,406
Service Charges	-	-	16,446	16,446	16,446	-	15,868	15,868	15,868
Meals and Events	1,876	2,289	3,252	5,541	7,417	1,459	2,948	4,253	5,712
Training and Conferences	163	5,580	-	5,580	5,743	996	640	3,413	4,409
Dues and Subscriptions	1,599	1,370	1,565	2,935	4,534	1,275	1,831	2,398	3,673
Directors/Officers/Programs Insurance	1,463	1,122	489	1,611	3,074	1,687	589	1,772	3,459
Mileage	50	1,848	-	1,848	1,898	2,448	-	2,368	4,816
Miscellaneous	597	458	199	657	1,254	486	169	509	995
Total Expenses	\$ 2,036,008	\$ 375,736	\$ 209,524	\$ 585,260	\$ 2,621,268	\$ 1,944,796	\$ 181,283	\$ 517,887	\$ 2,462,683

See Accompanying Notes

UNITED WAY OF CHAMPAIGN COUNTY, ILLINOIS, INC.  
 Statements of Cash Flows  
 For The Years Ended June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
<b>Cash Flows From Operating Activities</b>		
Increase (Decrease) in Net Assets	<u>\$ 561,899</u>	<u>\$ 240,400</u>
Adjustments to Reconcile Increase (Decrease) in Net Assets to Net Cash Provided by (Used in) Operating Activities:		
Depreciation	32,733	35,141
Reinvested Interest and Dividends	(11,759)	(6,470)
Net Realized and Unrealized (Gain) Loss on Investments	(62,428)	(105,001)
Change in Endowment Promise to Give	21,000	34,000
Gain on Sale of Property and Equipment	(193,490)	-
Contributions Received in the Form of Investments	(2,125)	(36,782)
<i>(Increase) Decrease in Assets:</i>		
Campaign Promises to Give, Net	(38,350)	12,880
Other Current Assets	(1,264)	(3,653)
<i>Increase (Decrease) in Liabilities:</i>		
Accounts Payable and Accrued Expenses	(1,512)	17,366
Unearned Grant Revenue	46	3,315
Designations Payable	(3,027)	(29,627)
Allocations Payable	42,496	(25,000)
Total Adjustments	<u>(217,680)</u>	<u>(103,831)</u>
Net Cash Provided by (Used in) Operating Activities	<u>344,219</u>	<u>136,569</u>
<b>Cash Flows From Investing Activities</b>		
Purchases of Property and Equipment	(517,543)	(12,947)
Proceeds From Sale of Property and Equipment	500,000	-
Purchases of Investments	(297,357)	(357,650)
Proceeds From Sales and Maturities of Investments	243,116	292,538
Net Cash (Used in) Provided by Investing Activities	<u>(71,784)</u>	<u>(78,059)</u>
<b>Net Increase (Decrease) in Cash</b>	272,435	58,510
<b>Cash, Beginning of Year</b>	<u>1,422,306</u>	<u>1,363,796</u>
<b>Cash, End of Year</b>	<u><u>\$ 1,694,741</u></u>	<u><u>\$ 1,422,306</u></u>

See Accompanying Notes



UNITED WAY OF CHAMPAIGN COUNTY, ILLINOIS, INC.

Notes to Financial Statements

June 30, 2018 and 2017

**1. Description of Operations**

United Way of Champaign County, Illinois, Inc. (the Organization) is a nonprofit corporation organized to bring people and resources together to create positive change and lasting impact for the community. The Organization focuses on the most pressing needs of Champaign County by mobilizing financial, volunteer, and informational resources.

The Organization focuses its resources on three investment areas based on the results of a local community-wide needs assessment. The investment areas are (listed in no particular priority order):

- a. Health – Building healthier, more resilient communities by promoting healthy eating and physical activity; expanding access to quality health care; and integrating health into early childhood development.
- b. Education – Focuses on lifelong education strategies that provide a firm foundation at an early age and continue to develop our children into successful adults who can contribute to their communities.
- c. Income – Empowers people to get on a stable financial ground with proven methods like job training, financial wellness classes, and more.

The Organization's responsibility is to mobilize the Champaign County community to create sustained changes in community conditions, thereby improving lives on a long-term basis. The Organization's primary means of positively impacting the community is through funding processes and program funding. Organizations must apply for funding each biennial cycle for on-going program support. While program funding is a two-year commitment to support a program's ongoing needs, the Organization also administers a Safety Net Fund to meet emergent needs in the community. All funded programs are expected to provide measurable results through clearly defined outcomes.

The Organization also utilizes several other strategies to strengthen the community. The Organization mobilizes volunteer resources, provides management assistance to funded programs, participates in community-wide organizations to develop alliances and networks, promotes public awareness of community needs, and advocates for issues on local, state, and national levels.

## 2. Significant Accounting Policies

Following is a summary of the significant accounting policies of the Organization:

- a. The financial statements of the Organization have been prepared on the accrual basis of accounting. Net assets and revenue, 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 as follows:
  - *Unrestricted Net Assets* – Net assets that are not subject to donor-imposed stipulations.
  - *Temporarily Restricted Net Assets* – Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.
  - *Permanently Restricted Net Assets* – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization.
- b. Cash includes all cash amounts and money market accounts not included in the investment portfolio.
- c. The Organization's investments are recorded at fair market value on the statement of financial position in the other assets section, with the change in fair value during the period recorded in earnings.

Donated securities are valued at fair market value at the time of donation.

Investments are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investments securities, it is at least reasonably possible that changes in the value of investment securities will occur in the near-term and that those changes could materially affect the amounts reported in the financial statements.

- d. Promises to give consist of unconditional promises to give to the Organization for operating and restricted activities. Long-term promises to give are discounted to present value based on expected payment schedules and effective interest rates, if applicable.

The carrying amount of promises to give may be reduced by a valuation allowance based on management's assessment of the collectability of specific promise to give balances. Campaign Promises to Give at June 30, 2018, consist of amounts due in the coming year.

- e. Property and equipment are recorded at cost, or if donated, at the fair market value at the time of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets.
- f. Designations payable consist of pledges that have been directed to other organizations by the donor. The payable is recorded during the campaign year, and it is paid out as the pledges are collected the following fiscal year. The balance has been reduced by an allowance for uncollectible pledges. Designations payable are \$352,256 and \$355,283 as of June 30, 2018 and 2017, respectively.
- g. Allocations payable reflect the program funds that have been awarded to beneficiary organizations. Allocations payable are paid out the following fiscal year. Allocations payable are \$1,383,382 and \$1,340,886 as of June 30, 2018 and 2017, respectively.
- h. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) requires management to make estimates and assumptions that affect reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and revenue and expenses during the reporting period. Accordingly, actual results could differ from these estimates.

The Organization has estimated the amount of promises to give that will not be collected based on experience gained from prior years' campaigns. The amount of the allowance is subject to some degree of uncertainty and it is at least reasonably possible that the actual amount of uncollected promises to give will differ from the estimate.

The Organization has also estimated the amount of a certain future endowment promise to give with unusual payment conditions based on the present value of the amount the Organization expects to receive in the future. The amount reflected as a receivable is subject to some degree of uncertainty and it is at least reasonably possible that the actual amount received will differ from the current estimate.

- i. The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.
- j. The Organization is exempt from income taxes under Section 501(c) (3) of the Internal Revenue Code.
- k. The Organization has evaluated subsequent events through September 11, 2018, the date which the financial statements were available to be issued.

### 3. Investments

#### *Fair Value Measurements*

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, *Fair Value Measurements*, establishes a framework for measuring fair value under U.S. GAAP. ASC 820 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date. ASC 820 requires that valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs. ASC 820 also establishes a fair value hierarchy, which prioritizes the valuation inputs into three broad levels.

The three levels of the fair-value hierarchy under ASC 820 are described below:

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

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 specified (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. There have been no changes in the methodologies used at June 30, 2018.

Investments are valued at either quoted market prices, which represent the net asset value of shares held by the Organization at period-end, the closing price reported on the active market on which the individual securities are traded, original cost plus reinvested interest, or based on information regarding the value of the underlying assets as reported by the investment advisor.

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.

Investments are summarized within the fair value hierarchy as follows at June 30, 2018:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Certificates of Deposit	\$ 599,737	\$ -	\$ -	\$ 599,737
Money Market	205,396	-	-	205,396
Pooled Endowment	-	-	815,069	815,069
Common Stock (Endowment)	130,452	-	-	130,452
Mutual Funds	21,917	-	-	21,917
	<u>\$ 957,502</u>	<u>\$ -</u>	<u>\$ 815,069</u>	<u>\$ 1,772,571</u>

Investments are summarized within the fair value hierarchy as follows at June 30, 2017:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Certificates of Deposit	\$ 598,158	\$ -	\$ -	\$ 598,158
Money Market	137,416	-	-	137,416
Pooled Endowment	-	-	791,716	791,716
Common Stock (Endowment)	108,378	-	-	108,378
Mutual Funds	6,350	-	-	6,350
	<u>\$ 850,302</u>	<u>\$ -</u>	<u>\$ 791,716</u>	<u>\$ 1,642,018</u>

The pooled endowment is held and managed by a third party. This fund includes financial assets (stocks, bonds, mutual funds, money market funds, and savings instruments). The allocation among these types of investments is unknown to the Organization.

The following table sets forth a summary of changes in the fair value of the Organization's Level 3 assets for the years ended June 30, 2018 and 2017

<b>Balance, July 01, 2016</b>	\$ 735,757
Distributions	(27,875)
Contributions	3,160
Net Realized and Unrealized Gain (Loss)	80,674
<b>Balance, June 30, 2017</b>	<u>791,716</u>
Distributions	(27,840)
Contributions	1,500
Net Realized and Unrealized Gain (Loss)	49,693
<b>Balance, June 30, 2018</b>	<u>\$ 815,069</u>

## *Endowment*

The Organization has endowment funds established for the purpose of the operation and the implementation of the Organization's mission. The endowment consists of donor-restricted funds and funds designated by the Board of Trustees to function as endowments. As required by U.S. GAAP, net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Trustees of the Organization has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard prudence prescribed by SPMIFA. In accordance with SPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Organization, and (7) the Organization's investment policies.

The objective of the Organization is to maintain the purchasing power of the endowment assets as well as to provide additional real growth through investment return. Endowment assets, other than the pooled endowment, are invested in a well-diversified asset mix, which includes targets of 65 percent equity and 35 percent fixed income securities that are intended to result in a consistent inflation-protected rate of return. Actual returns in any given year may vary. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to expose the fund to acceptable levels of risk.

The Organization has the option each year to take a distribution. During the years ended June 30, 2018 and 2017, the Organization took a distribution equivalent to 4.00 percent of the September 30 fair market value, based on an average of the previous 16 quarters.

Changes in endowment funds by net asset composition as of June 30, 2018 and 2017 are as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>Balance, July 01, 2016</b>	\$ 68,254	\$ 25,611	\$ 715,430	\$ 809,295
Distributions	(14,442)	(13,433)	-	(27,875)
Contributions	-	-	8,660	8,660
Net Realized and Unrealized				
Gain (Loss)	<u>42,267</u>	<u>38,407</u>	<u>29,340</u>	<u>110,014</u>
<b>Balance, June 30, 2017</b>	96,079	50,585	753,430	900,094
Distributions	(14,416)	(13,424)	-	(27,840)
Contributions	-	-	95,289	95,289
Net Realized and Unrealized				
Gain (Loss)	<u>24,749</u>	<u>24,944</u>	<u>12,074</u>	<u>61,767</u>
<b>Balance, June 30, 2018</b>	<u>\$ 106,412</u>	<u>\$ 62,105</u>	<u>\$ 860,793</u>	<u>\$ 1,029,310</u>

#### 4. Endowment Promises to Give

During 2004, a permanently restricted donation of common stock with a fair market value of approximately \$100,000 on the donation date was received along with a promise to contribute an amount equal to the difference between the stock's fair market value and \$200,000 as of December 31, 2009. This agreement has been extended indefinitely. Each year, the change in the stock value is reported as a permanently restricted gain or loss on investments, with an equivalent increase or decrease in the endowment promise to give, which is reported as a permanently restricted contribution.

#### 5. Property and Equipment, Net

Property and equipment consist of the following as of June 30:

	<u>2018</u>	<u>2017</u>
Land	\$ 20,400	\$ 72,250
Buildings and Improvements	488,941	704,972
Furniture and Equipment	81,795	154,115
Software	<u>13,424</u>	<u>47,086</u>
Total Property and Equipment	604,560	978,423
Less: Accumulated Depreciation	<u>(79,516)</u>	<u>(631,679)</u>
Property and Equipment, Net	<u>\$ 525,044</u>	<u>\$ 346,744</u>

The Organization sold land and a building in May 2018 recognizing a gain of \$193,490 for the year ended June 30, 2018.

**6. Line of Credit**

The Organization has an established line of credit of \$300,000, which matures in November 2018. The line of credit is secured by all assets of the Organization. The line of credit calls for interest payable monthly at the U.S. Prime Rate plus 0.75 percent, or 5.75 and 5.00 percent as of June 30, 2018 and 2017, respectively. There was no balance outstanding as of June 30, 2018 and 2017.

**7. Board Designated Net Assets**

Board designated net assets consist of the following at June 30:

	<u>2018</u>	<u>2017</u>
Community Impact	\$ 308,470	\$ 208,470
Building Reserve	209,495	43,045
Emergent Needs in the Community	25,000	25,000
Total Board Designated Net Assets	<u>\$ 542,965</u>	<u>\$ 276,515</u>

**8. Temporarily Restricted Net Assets**

Temporarily restricted net assets consist of the following at June 30:

	<u>2018</u>	<u>2017</u>
Fall Campaign Contributions	\$ 120,530	\$ 3,500
Kindergarten Readiness Initiative	44,417	51,734
Emergency Family Shelter	33,492	5,939
Leadership	32,268	25,732
Volunteerism	21,225	18,061
Youth	16,936	13,456
Farmers for Families	2,593	-
Men's Emergency Shelter	-	37,355
Other Program Designations	12,811	17,934
Temporarily Restricted Net Assets	<u>\$ 284,272</u>	<u>\$ 173,711</u>



**9. Permanently Restricted Net Assets**

Permanently restricted net assets consist of the following at June 30:

	<u>2018</u>	<u>2017</u>
Endowments	\$ 860,793	\$ 753,430
Endowment Promise to Give	67,000	88,000
Bertha Lam Trust	8,286	8,286
Other	1,460	550
Permanently Restricted Net Assets	<u>\$ 937,539</u>	<u>\$ 850,266</u>

Certain permanently restricted net assets have restriction on the use of earnings. Such restrictions are for volunteerism, youth, leadership, and early childhood purposes. The earnings of all other permanently restricted net assets are unrestricted.

**10. Campaign Results**

The Organization's campaign results, reported as contributions on Exhibit B, consist of the following for the year ended June 30:

	<u>2018</u>	<u>2017</u>
Gross Contributions	\$ 3,313,661	\$ 3,308,820
Less: Contributions Raised on Behalf of Others	(769,067)	(916,976)
Campaign Results	<u>\$ 2,544,594</u>	<u>\$ 2,391,844</u>

The Organization received gross campaign contributions from two employers of \$500,672 and \$331,028 during the year ended June 30, 2018. These contributions represent 15 and 10 percent, respectively, of the Organization's gross campaign contributions for the year ended June 30, 2018. The Organization received gross campaign contributions from these two employers of \$492,733 and \$481,404 during the year ended June 30, 2017. These contributions represent 15 and 14 percent, respectively, of the Organization's gross campaign contributions for the year ended June 30, 2017.

**11. Employee Retirement Plan**

The Organization has a noncontributory defined contribution plan. Contributions to the plan are made for all regular full-time employees who meet certain age and length-of-service requirements. The Organization contributed six percent of the annual compensation of participants to the retirement plan. Employee benefit expense under this plan was \$30,910 and \$30,051 for the years ended June 30, 2018 and 2017, respectively.

**12. Related Party**

The Organization pays affiliate dues to the national United Way Organization. Total dues paid for the years ended June 30, 2018 and 2017 were \$39,054 and \$41,406, respectively.

**13. Pending Accounting Pronouncements**

In August 2016, FASB issued Accounting Standard Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958)*. The provisions of ASU 2016-14 require the presentation of two classes of net assets, net assets with donor restrictions and net assets without donor restrictions, rather than the currently required three classes. The provisions also require enhanced disclosures about how the entity manages its liquid resources, quantitative information about the availability of financial assets to meet cash needs for general expenditure within one year of the statement of position date, amounts of expenses by both their natural and functional classification, and the method used to allocate costs among program and support functions. The standard will be effective for fiscal years ending December 31, 2018 or after. Early adoption is permitted; however, the Organization has chosen not to do so. The Organization has yet to select a transition method and is currently evaluating the effect, if any, that the updated standard will have on the financial statements.

In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958) Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The provisions of the ASU update existing guidance related to the recognition of revenue from contributions and grants. The standard will be effective for fiscal years ending December 31, 2019 and later. Early adoption is permitted. The Organization has yet to select a transition method and is currently evaluating the effect, if any, that the updated standard will have on future financial statements.