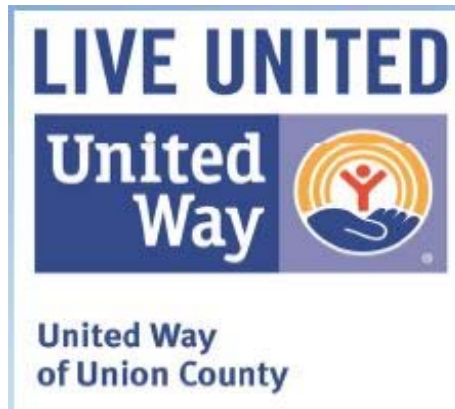


## **United Way of Union County**

Financial Statements

December 31, 2018 and 2017



United Way of Union County, Inc.

Financial Statements

December 31, 2018 and 2017

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## Independent Auditor's Report

To the Board of Trustees of  
United Way of Union County, Inc.  
648 Clymer Road  
Maryville, Ohio 43040

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of United Way of Union County, Inc. (a non-profit corporation) (the "Organization"), which comprise the statement of financial position as of December 31, 2018 and 2017, 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 audit. We conducted our audit 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 as of December 31, 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.

***Emphasis of Matter***

As discussed in Note B to the financial statements, effective January 1, 2018, the Organization adopted provisions of FASB issued Accounting Standards Update No. 2016-14, *Presentation of Financial Statements of Not-For-Profit Entities* . Our opinion is not modified with respect to this matter.

*Wilging, Roush & Parsons CPAs*

Wilging, Roush & Parsons CPAs

Mansfield, Ohio  
August 29, 2019

DRAFT

United Way of Union County, Inc.  
Statement of Financial Position  
December 31, 2018 and 2017

Assets

Current Assets

	2018	2017
Cash and cash equivalents	\$ 380,603	\$ 349,211
Campaign pledges receivable, net	463,229	635,658
Prepaid expenses	2,563	1,944
Total current assets	<u>846,395</u>	<u>986,813</u>

Property and Equipment

Equipment and software	18,291	17,041
Less: accumulated depreciation	<u>(14,566)</u>	<u>(12,769)</u>
Equipment and software, net of accumulated depreciation	3,725	4,272

Other Assets

Fiscal agent deposits	47,218	36,511
Beneficial interest in assets held by Union County Foundation	<u>127,093</u>	<u>134,412</u>
Total other assets	<u>174,311</u>	<u>170,923</u>

Total assets	<u><u>\$ 1,024,431</u></u>	<u><u>\$ 1,162,008</u></u>
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Liabilities and Net Assets

Current Liabilities

	2018	2017
Accounts payable and accrued expenses	\$ 770	\$ 0
Accrued payroll and payroll taxes	6,874	7,007
Allocations and designations payable - agencies	69,683	131,177
Out of county donations payable	8,239	12,013
Fiscal agent deposits	47,218	36,511
Total current liabilities	<u>132,784</u>	<u>186,708</u>

Net Assets

Without donor restrictions	222,187	238,372
With donor restrictions	<u>669,460</u>	<u>736,928</u>
Total net assets	<u>891,647</u>	<u>975,300</u>

Total liabilities and net assets	<u><u>\$ 1,024,431</u></u>	<u><u>\$ 1,162,008</u></u>
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See independent auditor's report and accompanying notes to financial statements

United Way of Union County, Inc.  
Statement of Activities and Changes in Net Assets  
For the Year Ended December 31, 2018

<u>Public Support and Revenue:</u>	Without Donor	With Donor	
<u>Public Support:</u>	Restrictions	Restrictions	Total
Gross campaign revenue	\$ 0	\$ 888,849	\$ 888,849
Less: donor designations	0	(173,129)	(173,129)
Less: provision for uncollectible pledges	0	(46,260)	(46,260)
Net assets released from restriction	736,928	(736,928)	0
Campaign revenue, net	736,928	(67,468)	669,460
 Total public support	 736,928	 (67,468)	 669,460
 <u>Other Support and Revenue:</u>			
Contributions and grants	3,395	0	3,395
In-kind donations	3,380	0	3,380
Changes in beneficial interest in assets held by Union County Foundation, net of fees	(7,569)	0	(7,569)
Fiscal agent revenue	4,234		4,234
Interest income	1,157	0	1,157
Other income	1,324	0	1,324
Total other support and revenue	5,921	0	5,921
 Total public support and revenue	 742,849	 (67,468)	 675,381
 <u>Functional Expenses:</u>			
<u>Program Services Expense:</u>			
Allocations and designations to agencies	427,626	0	427,626
Allocations services	150,391	0	150,391
Total program services expense	578,017	0	578,017
 <u>Supporting Service Expenses:</u>			
Fundraising	123,787	0	123,787
General administrative	57,230	0	57,230
Total supporting service expenses	181,017	0	181,017
 Total functional expenses	 759,034	 0	 759,034
 (Decrease) in net assets	 (16,185)	 (67,468)	 (83,653)
Net assets, beginning of year	238,372	736,928	975,300
Net assets, end of year	\$ 222,187	\$ 669,460	\$ 891,647

See independent auditor's report and accompanying notes to financial statements

United Way of Union County, Inc.  
Statement of Activities and Changes in Net Assets  
For the Year Ended December 31, 2017

<u>Public Support and Revenue:</u>	Without Donor	With Donor	
<u>Public Support:</u>	Restrictions	Restrictions	Total
Gross campaign revenue	\$ 0	953,708	\$ 953,708
Less: donor designations	0	(131,177)	(131,177)
Less: provision for uncollectible pledges	0	(85,603)	(85,603)
Net assets released from restriction	706,742	(706,742)	0
Campaign revenue, net	706,742	30,186	736,928
 Total public support	 706,742	 30,186	 736,928
 <u>Other Support and Revenue:</u>			
Contributions and grants	2,375	0	2,375
In-kind donations	4,944	0	4,944
Changes in beneficial interest in assets held by Union County Foundation, net of fees	15,535	0	15,535
Fiscal agent revenue	627		627
Interest income	0		0
Other income	0	0	0
Total other support and revenue	23,481	0	23,481
 Total public support and revenue	 730,223	 30,186	 760,409
 <u>Functional Expenses:</u>			
<u>Program Services Expense:</u>			
Allocations and designations to agencies	442,769	0	442,769
Allocations services	135,845	0	135,845
Total program services expense	578,614	0	578,614
 <u>Supporting Service Expenses:</u>			
Fundraising	122,013	0	122,013
General administrative	55,553	0	55,553
Total supporting service expenses	177,566	0	177,566
 Total functional expenses	 756,180	 0	 756,180
 Increase in net assets	 (25,957)	 30,186	 4,229
Net assets, beginning of year	264,329	706,742	971,071
Net assets, end of year	\$ 238,372	\$ 736,928	\$ 975,300

See independent auditor's report and accompanying notes to financial statements

United Way of Union County, Inc.  
Statement of Functional Expenses  
For the Year Ended December 31, 2018

	Program Service	Supporting Service			Total Expenses
		Fund Raising	General Administrative	Total	
Allocations to agencies	\$ 427,626	\$ 0	\$ 0	\$ 0	\$ 427,626
<u>Allocation services</u>					
Salaries	56,889	55,447	31,745	87,192	144,081
Payroll taxes	4,316	5,305	2,714	8,019	12,335
Employee benefits	5,642	6,933	3,547	10,480	16,122
Total salaries and related benefits	66,847	67,685	38,006	105,691	172,538
United Way of America and Ohio Dues	2,656	3,263	1,669	4,932	7,588
Other Grants and Gifts	40,310	0	0	0	40,310
Community Care Day	4,343	0	0	0	4,343
Dues and Memberships	601	601	0	601	1,202
Conferences and Meetings	350	430	220	650	1,000
Professional Fees	1,397	1,716	7,278	8,994	10,391
Community Assessment & Strategic Planning	6,000	0	0	0	6,000
Travel	333	409	856	1,265	1,598
Supplies	454	558	285	843	1,297
Telephone	630	774	396	1,170	1,800
Internet	504	619	317	936	1,440
Postage and Shipping	214	263	135	398	612
Other Occupancy Costs	5,880	7,224	3,696	10,920	16,800
Equipment	3,611	4,436	2,270	6,706	10,317
Lease Expense	1,262	1,577	315	1,892	3,154
Campaign Expenses	4,830	26,789	0	26,789	31,619
Insurance - Liability & Bonding	1,419	1,743	891	2,634	4,053
Filing Fees	70	86	44	130	200
Publicity Projects	3,949	3,952	0	3,952	7,901
In-kind donations expense	3,380	0	0	0	3,380
Miscellaneous expense	722	889	456	1,345	2,067
Depreciation Expense	629	773	396	1,169	1,798
Total	150,391	123,787	57,230	181,017	331,408
Total functional expenses	\$ 578,017	\$ 123,787	\$ 57,230	\$ 181,017	\$ 759,034

See independent auditor's report and accompanying notes to financial statements



United Way of Union County, Inc.  
Statement of Functional Expenses  
For the Year Ended December 31, 2017

	Program Service	Supporting Service			Total Expenses
		Fund Raising	General Administrative	Total	
Allocations to agencies	\$ 442,769	\$ 0	\$ 0	\$ 0	\$ 442,769
<u>Allocation services</u>					
Salaries	61,159	51,315	30,322	81,637	142,796
Payroll taxes	4,758	5,845	2,989	8,834	13,592
Employee benefits	7,391	9,078	4,645	13,723	21,114
Total salaries and related benefits	73,308	66,238	37,956	104,194	177,502
United Way of America and Ohio Dues	2,604	3,199	1,637	4,836	7,440
Other Grants and Gifts	24,223	0	0	0	24,223
Community Care Day	3,880	0	0	0	3,880
Dues and Memberships	586	586	0	586	1,172
Conferences and Meetings	484	593	304	897	1,381
Professional Fees	1,330	1,634	7,236	8,870	10,200
Community Assessment & Strategic Planning	0	0	0	0	0
Travel	373	459	233	692	1,065
Supplies	443	545	279	824	1,267
Telephone	688	845	432	1,277	1,965
Internet	508	624	319	943	1,451
Postage and Shipping	158	194	99	293	451
Other Occupancy Costs	5,460	6,708	3,432	10,140	15,600
Equipment	3,361	4,128	2,112	6,240	9,601
Lease Expense	1,304	1,630	326	1,956	3,260
Campaign Expenses	5,805	27,811	0	27,811	33,616
Insurance - Liability & Bonding	1,087	1,335	683	2,018	3,105
Filing Fees	70	86	44	130	200
Publicity Projects	4,495	4,495	0	4,495	8,990
In-kind donations expense	4,944	0	0	0	4,944
Miscellaneous expense	138	170	86	256	394
Depreciation Expense	596	733	375	1,108	1,704
Total	135,845	122,013	55,553	177,566	313,411
Total functional expenses	\$ 578,614	\$ 122,013	\$ 55,553	\$ 177,566	\$ 756,180

See independent auditor's report and accompanying notes to financial statements

United Way of Union County, Inc.  
Statement of Cash Flows  
For the Years Ended December 31, 2018 and 2017

<u>Cash Flows From Operating Activities</u>	<u>2018</u>	<u>2017</u>
(Decrease) increase in net assets	\$ (83,653)	\$ 4,229
Adjustments to reconcile increase in net assets to cash provided (used) by operating activities:		
Depreciation	1,798	1,704
Community Foundation interfund grants	5,000	6,531
Community Foundation interfund gifts	(5,250)	(5,640)
Change in beneficial interest in assets held by community foundation	7,569	(15,535)
<u>(Increase) decrease in assets:</u>		
Campaign pledges receivable	172,429	(17,319)
Other receivables	0	0
Prepaid expenses	(620)	(103)
<u>Increase (decrease) in liabilities:</u>		
Accounts payable and accrued expenses	770	(2,938)
Accrued payroll and payroll taxes	(133)	(634)
Allocations and designations payable - agencies	(61,494)	18,215
Out of county donations payable	(3,774)	5,813
Net cash provided (used) by operating activities	<u>32,642</u>	<u>(5,677)</u>
<u>Cash Flows From Investing Activities</u>		
Purchase of equipment and software	<u>(1,250)</u>	<u>0</u>
Net cash (used) by investing activities	(1,250)	0
<u>Cash Flows From Financing Activities</u>		
None	<u>0</u>	<u>0</u>
(Decrease) in cash and cash equivalents	31,392	(5,677)
Cash and cash equivalents, at beginning of year	349,211	354,888
Cash and cash equivalents, at end of year	<u>\$ 380,603</u>	<u>\$ 349,211</u>
<u>Supplemental Disclosures</u>		
Cash paid for interest and income taxes	<u>\$ 0</u>	<u>\$ 0</u>

See independent auditor's report and accompanying notes to financial statements

United Way of Union County, Inc.  
Notes to Financial Statements  
December 31, 2018 and 2017

Note A - Summary of Organization and Nature of Activities

Organization

United Way of Union County, Inc. (the "Organization") is a not-for-profit charitable corporation governed by a volunteer Board of Trustees, with the purpose of providing funding for its participating agencies. Campaigns are conducted in the fall of each year to raise support for allocations to participating agencies in the following calendar year. The Organization is supported primarily through donor contributions.

Nature of Activities

The Organization is organized to improve the quality of people's lives throughout Union County by efficiently raising and responsibly distributing funds to a collaborative agency network and to serve as the steward of donor contributions, investing in programs that measurably impact community needs in all parts of Union County.

The Organization changes lives and builds a stronger community by helping people create solutions to important health and human service issues. Through fundraising, volunteerism and increasing community sufficiency, the Organization makes a better place to live, work and raise a family.

The Organization's goals are to (1) focus on the most critical needs of Union County, (2) multiply the impact of donor contributions, and (3) deliver results that are possible through investment of donors' time, talent and financial support.

The Organization is dependent upon undesignated contributions from corporate and individual donors to support its program services. The choice on the part of donors to designate their gifts to specific agencies can result in reduced funding available for allocations and grants. A decrease in undesignated contributions could adversely affect the Organization's ability to provide community services and allocate funds to local not-for-profit organizations.

The Organization is a member of the United Way Worldwide ("UWW"). As such, the Organization is committed to comply with UWW Cost Deduction Standards. Those cost deductions standards require that fees charged for handling designated gifts be based on actual expenses, and that fees will not be deducted from designated gifts originated by or from another United Way organization.

Note B - Summary of Significant Accounting Policies

Basis of Accounting

The financial statements of the Organization have been prepared using the accrual basis of accounting and conform to the accounting principles generally accepted in the United States of America as applicable to not-for-profits.

United Way of Union County, Inc.  
Notes to Financial Statements  
December 31, 2018 and 2017

Note B - Summary of Significant Accounting Policies (Continued)

Basis of Presentation

The Organization also prepares financial statements in accordance with the Financial Accounting Standards Board (FASB) standards for not-for-profit (ASC 958-205 and subsections). Under these standards, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Net Assets

The net assets of the Organization and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions

Without donor restrictions net assets represent those resources that have no donor imposed restrictions.

Net Assets With Donor Restrictions

Net assets subject to donor imposed restrictions. Some donor imposed restrictions are temporary in nature, such as those that will be met with the passage of time or other events specified by the donor. Other donor imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor restricted contributions, the requirements of which are met in the year of contribution, are reported as without donor restrictions in the statement of activities and changes in net assets. See Note F - for details.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Management believes that these estimates and assumptions provide a reasonable basis for the fair presentation of the financial statements.

Cash and Cash Equivalents

For purposes of the statements of financial position and cash flows, the Organization considers cash and cash equivalents as all highly liquid investments held by financial institutions with an initial maturity of three months or less. The Organization maintains its cash accounts with local financial institutions. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 for the years ended December 31, 2018 and 2017. At various times during the year, the Organization's balances in the accounts may exceed the insured amount.

United Way of Union County, Inc.  
Notes to Financial Statements  
December 31, 2018 and 2017

Note B - Summary of Significant Accounting Policies (Continued)

Campaign Pledges Receivable

The annual fundraising campaign is conducted each year in the fall to obtain donations and pledges to fund the subsequent year's operations. Most pledges to contribute to the campaign are made in the first three months of the campaign and are due within one year of being made. Pledges due before the end of the year are recognized as revenue increasing unrestricted net assets unless the donor designates the contribution to a particular organization or restricts it to a particular field of interest. Pledges due after the end of the year are recognized as revenue increasing temporarily restricted net assets unless the donor designates the contribution to a particular organization. The restrictions on pledges due after the end of the year generally expire in the following year. If the donor targets a gift, those restrictions expire when the resources are spent as the donor requested.

The allowance for uncollectible pledges is computed based on prior experience and management analysis of specific receivables and promises to give. Once the likelihood of collecting the receivable is determined to be remote, management writes-off the specific account balance and relieves any specific allowance. If collections are made in excess of allowance, the funds are available to be allocated to the member agencies with the next campaign.

Contributions

The Organization recognizes contributions received and made in accordance with FASB ASC Topic, Accounting for Contributions Received and Contributions Made. Contributions received, including contributed services and non-cash items, are recognized as revenues in the period received at their fair value. The Organization reports gifts of cash and other assets are restricted support if they are received with donor stipulations that limit the use or time of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose is accomplished, with donor restrictions net assets are reclassified to without donor restrictions net assets and reported in the statement of activities and changes in net assets. Contributions received with donor imposed restrictions that are met in the same reporting period are reported as without donor restriction contributions.

Designated Contributions

The Organization recognizes donor designated contributions in accordance with FASB ASC Topic, *"Transfers of Assets to a Not-for-Profit Organization or Charitable Trust That Raises or Holds Contributions for Others."* When a donor specifically designates a participating agency to receive his or her campaign contribution, the Organization excludes the designated pledge from campaign revenue. The Organization is considered an agent for the designated beneficiary and, as such, records cash or a receivable from the donor and a liability to the designated beneficiary.

United Way of Union County, Inc.  
Notes to Financial Statements  
December 31, 2018 and 2017

Note B - Summary of Significant Accounting Policies (Continued)

In-Kind Donations

The Organization records the value of in-kind donations when there is an objective basis available to measure their value. During 2018 and 2017, the Organization was the recipient of donations with a total fair market value, at the date of donation, of \$3,380 and \$4,944, respectively. All donations consist of professional services and related items. The donations of items for campaign activities are included in the statement of activities and changes in net assets as part of without donor restrictions contributions, and the expenses are included in the statement of

Donated property and equipment are recorded as support at their estimated fair market value at the date of donation. Such donations are reported as without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions are reported as with donor restrictions support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions ratably over the life of the donated or acquired assets.

Donated Services

The Organization recognizes donated services contributions if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. The Organization, Inc. had a large number of volunteers who donated substantial amounts of time for the campaigns and various programs and administrative activities. Because these services do not meet the above requirements, they are not recorded in the financial statements.

Equipment and Software

Equipment and software are recorded at either cost, if purchased, or at fair market value, if donated. The Organization's policy is to capitalize equipment and software additions that cost more than \$500 and have useful lives of more than one year. Generally, major renewals and improvements over \$500 are charged to the equipment and software accounts while maintenance and repairs which do not improve or extend the life of the respective assets are expensed. At the time properties are retired or otherwise disposed of, the property and related accumulated depreciation accounts are relieved of the applicable amounts. Gain or loss from normal retirements or sales is credited or charged to income. Depreciation is provided over the estimated useful life of the related asset using the straight-line method.

The following useful lives were used in determining depreciation:

	<u>Estimated Useful Life</u>
Equipment and software	3 - 5

Depreciation expense was \$1,798 and \$1,704 for the years ended December 31, 2018 and 2017, respectively.

United Way of Union County, Inc.  
Notes to Financial Statements  
December 31, 2018 and 2017

Note B - Summary of Significant Accounting Policies (Continued)

Beneficial Interest in Foundation

The Organization records its beneficial interest in a foundation in accordance with FASB ASC Topic, *Transfers of Assets to a Not-for-Profit Organization or Charitable Trust That Raises or Holds Contributions for Others*. The activity for the year related to the fund's held by the foundation is recorded at fair value.

Fiscal Agent Deposits

The Organization serves as the fiscal agent for the United County Neighbor to Neighbor, the Union County Drug Free Task Force and the Union County Housing Coalition. On behalf of these organizations, the Organization performs various fiscal duties such as maintaining and disbursing cash funds under the terms of the agreements. On the statement of financial position, fiscal agent deposits have been separately presented.

Fair Value of Financial Instruments

Unless otherwise indicated, the fair values of all reported assets and liabilities which represent financial instruments (none of which are held for trading purposes) approximate the carrying values of such amounts.

Advertising Costs

The Organization participates in various promotion activities for campaigns. All costs related to advertising are expensed in the period incurred. Total advertising costs for the years ended December 31, 2018 and 2017 were \$7,901 for \$8,990, respectively.

Functional Allocation of Expenses

Expenses by function have been allocated among program and supporting service classifications on the basis of actual expenses incurred by the program or supporting service, time records, and estimates made by the Organization's management.

Income Tax Status

The Organization is exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code. The Organization has also been classified as an entity that is not a private foundation within the meaning of Section 509(a) of the Internal Revenue Code. The Organization had no unrelated business income for the years ended December 31, 2018 and 2017. Accordingly, the accompanying financial statements include no provision for income taxes.

The accounting standard on accounting for uncertainty in income taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under that guidance, the Organization may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities based on the technical merits of the position. Examples of tax positions include the tax-exempt status of the Organization and various positions related to the potential sources of unrelated business taxable income (UBIT). The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. There were no unrecognized tax benefits identified or recorded as liabilities for December 31, 2018 and 2017.

United Way of Union County, Inc.  
Notes to Financial Statements  
December 31, 2018 and 2017

Note B - Summary of Significant Accounting Policies (Continued)

Income Tax Status (Continued)

The Organization files its form 990 in the U.S. federal jurisdiction and the office of the state's Attorney General for the State of Ohio. The Organization is generally no longer subject to examination by the Internal Revenue Service after three years.

Adoption of Accounting Standard

The requirements of the following Financial Accounting Standards Boards (FASB) Accounting Standards Update (ASU) were adopted during the year ended December 31, 2018:

ASU 2016-14, "*Presentation of Financial Statements of Not-For-Profit Entities*" (Topic 958): aims to improve how a nonprofit organization classifies its net assets and provides information in its financial statements and notes about its financial performance, cash flow, and liquidity. As a result of adoption, the unrestricted net assets of January 1, 2018 were transferred to net assets without donor restrictions. In addition, the temporarily restricted net assets as of January 1, 2018 were transferred to net assets with donor restrictions.

In addition, certain amounts have been reclassified in the prior year financial statements to conform with the current year financial statement presentation. The reclassifications have no effect on the total change in assets for the prior year.

Recent Accounting Pronouncements

In May 2014, the FASB issued ASU 2014-09, "Revenue from Contracts with Customers (Topic 606)," which is a comprehensive new revenue recognition standard that will supersede existing revenue recognition guidance. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The FASB issued ASU 2015-14 that deferred the effective date for the Organization until annual periods beginning after December 15, 2018. Earlier adoption is permitted subject to certain limitations. The amendments in this update are required to be applied retrospectively to each prior reporting period presented or with the cumulative effect being recognized at the date of initial application. The Organization is currently evaluating the impact of this ASU on its financial statements.

In February 2016, the FASB issued ASU 2016-02, "Leases (Topic 842)," to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the statement of financial position and disclosing key information about leasing arrangements for lessees and lessors. The new standard applies a right-of-use model that requires, for all leases with a lease term of more than 12 months, an asset representing its right to use the underlying asset for the lease term and a liability to make lease payments to be recorded. The ASU is effective for the Organization's periods beginning after December 15, 2019 with early adoption permitted. The Organization is currently evaluating the impact of this ASU on its financial statements.



United Way of Union County, Inc.  
Notes to Financial Statements  
December 31, 2018 and 2017

Note B - Summary of Significant Accounting Policies (Continued)

Recent Accounting Pronouncements (Continued)

In November 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," is effective for the Foundation's financial statements for the year ending December 31, 2019. This amendment clarifies and improves current guidance about whether a transfer of assets (or the reduction, settlement, or cancellation of liabilities) is a contribution or an exchange transaction. The amendment clarifies how an entity determines whether a resource provider is participating in an exchange transaction. Early application of the amendments in the ASU is permitted. The Organization is currently evaluating the impact of this ASU on its financial statements.

Note C - Cash and Cash Equivalents

The cash and cash equivalents balances at December 31, 2018 and 2017, at various financial institutions, were comprised of checking, savings and money market accounts in the amount of \$380,603 and \$349,211, respectively.

Note D - Campaign Pledges Receivable

Campaign pledges receivable at December 31, 2018 and 2017 comprised of the following:

	2018	2017
2016 Campaign	\$ 0	\$ 151,257
2017 Campaign	118,401	\$ 586,070
2018 Campaign	425,207	0
Total campaign pledges receivable	543,608	737,327
Less: allowance for uncollectible campaign pledges receivable	(80,379)	(101,669)
Total campaign pledges receivable, net	<u>\$ 463,229</u>	<u>\$ 635,658</u>

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Note E - Beneficial Interest In Union County Foundation

As required by accounting principles generally accepted in the United States of America, 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 Organization placed its endowment funds with the Union County Foundation (the Foundation) in the "United Way Fund" as part of the donor-imposed restrictions. As a result of this action, 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) any changes in the value of the beneficial interest in the Lasting Legacy Foundation Fund and the Reserve Balance Fund as endowment in accordance with the direction of the applicable donor gifts. The Foundation has advisory rights to these funds and makes investment decisions in accordance with the rules and regulations set forth by the Foundation's board of trustees.

The Foundation balance for the years ended December 31, 2018 and 2017 was as follows:

	2018	2017
Beneficial interest at beginning of year, at fair value	\$ 134,412	\$ 119,768
Net investment income	4,375	2,730
Interfund gifts	5,250	5,640
Grants	(5,000)	(6,531)
Net realized and unrealized gains (losses)	(10,607)	14,110
Administrative fees	(1,337)	(1,305)
Beneficial interest at end of year, at fair value	<u>\$ 127,093</u>	<u>\$ 134,412</u>

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Note F - With Donor Restrictions Net Assets

The Organization has campaign support revenue that will be collected over the course of the following year. This campaign support less the allowance for uncollectible pledges and agency designations is considered with donor restrictions due to timing. With donor restrictions net assets at December 31, 2018 and 2017 are available comprised of the following:

	2018	2017
United Way allocations and donor designations from campaign pledges	\$ 669,460	\$ 736,928
Total with donor restrictions net assets	<u>\$ 669,460</u>	<u>\$ 736,928</u>

With donor restrictions net assets released from donor restrictions by passage of time or by satisfying the restricted purposes for the years ended December 31, 2018 and 2017 were \$736,928 for \$706,742, respectively.

Note G - Operating Lease

The Organization has an operating lease for its office that started August 1, 2015. The Organization's operating lease is from August 1, 2015 to December 31, 2020. Lease payments were \$1,400 and \$1,300 per month for years ended December 31, 2018 and 2017, respectively. Lease payments are \$1,500 and \$1,550 per month for years ended December 31, 2019 and 2020, respectively. Rental expense for this lease totaled \$16,800 and \$15,600 for the years ended December 31, 2018 and 2017, respectively.

The Organization entered into an operating lease for a copier under a 60 month operating lease for \$225 per month that expires in April 21, 2020. Rental expense for this lease totaled \$2,700 for the years ended December 31, 2018 and 2017.

Minimum future lease payments under the lease as of December 31, 2018 are:

<u>Years Ending December 31,</u>	<u>Amount</u>
2019	20,700
2020	19,500
Total minimum lease payments	<u>\$ 40,200</u>

Note H - Pension Plan

The Organization has adopted a Simplified Employee Pension - Individual Retirement Account that covers all of its eligible employees. Annually the Board of Trustees determines the contributions to be made to each covered employee's account. The Organization made contributions for the years ended December 31, 2018 and 2017 of \$5,704 and \$5,634 respectively.

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Note I - Overhead Ratio

The Organization's overhead ratio is based on the overhead calculation method provided by United Way Worldwide. The overhead ratio for the years December 31, 2018 and 2017 was 19.92% for 19.90%, respectively.

Note J - Concentration of Support

Approximately 27% and 29% of campaign support came from seventeen and fifteen companies and their employees for the years ended December 31, 2018 and 2017, respectively.

Note K - Contingent Liability

The Organization offers sick pay to employees, who are entitled to accumulate unused sick pay. However, there is no liability to the Organization when their employment is terminated. Since the Organization's liability for sick pay is contingent upon each employee's continued employment, no liability for sick pay is included in the financial statements. Sick pay is charged to salary expense in the year it is used. For the years ended December 31, 2018 and 2017, there was \$4,280 and \$13,301 of unused sick time, respectively.

Note L - Summary of Fair Value Exposure

The FASB *Fair Value Measurement* standard clarifies the definition of fair value for financial reporting, establishes a framework for measuring fair value, and requires additional disclosure about the use of fair value measurements in an effort to make the measurement of fair value more consistent and comparable. The Organization has adopted this standard for its financial assets and liabilities measured on a recurring and nonrecurring basis (ASC 820-10).

*Fair Value Measurement* defines fair value as the amount that would be received from the sale of an asset or paid for the transfer of a liability in an orderly transaction between market participants, i.e., an exit price. To estimate an exit price, a three-tier hierarchy is used to prioritize the inputs:

Level 1: Quoted prices in active markets for identical assets.

Cash savings accounts are composed of funds invested in savings accounts at various financial institutions. Funds invested in savings accounts are valued based on the value of the deposited funds, net investment earnings less withdrawal and late fees (if applicable).

Money market accounts consist primarily of domestic commercial paper and other cash management instruments, such as repurchase agreements and master notes, U.S. government and corporate obligations, and other securities. Money market accounts seek to maintain a stable net asset value (NAV) of \$1.

Level 2: Other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment spreads, credit risk, etc.).

The beneficial interest represents assets held by which were provided by the Organization and the Organization named itself the beneficiary. The assets are valued at the fair value of the Organization's share of the Union County Community Foundations master pooled investments.

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Note L - Summary of Fair Value Exposure (Continued)

Level 3: Significant unobservable inputs.

The inputs and methodology used for valuing the Organization's financial assets and liabilities are not indicators of the risks associated with those securities.

The following tables provide fair value measurement information for financial assets and liabilities measured at fair value on a recurring basis as of December 31, 2018 and 2017:

	2018		
	Level 1	Level 2	Total
Assets:			
Money market fund	\$ 0	\$ 0	\$ 0
Beneficial interest in assets held by Union County Foundation	0	127,093	127,093
Total	<u>\$ 0</u>	<u>\$ 127,093</u>	<u>\$ 127,093</u>
	2017		
	Level 1	Level 2	Total
Assets:			
Money market fund	\$ 0	\$ 0	\$ 0
Beneficial interest in assets held by Union County Foundation	0	134,412	134,412
Total	<u>\$ 0</u>	<u>\$ 134,412</u>	<u>\$ 134,412</u>

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 as of the reporting date.

The FASB Accounting Standards Update, Improving Disclosures about Fair Value Measurements, requires that, in the reconciliation for fair value measurements using significant unobservable inputs (Level 3), a reporting entity should present separately information about purchases, sales, issuances, and settlements on a gross basis rather than as one net number (ASU 2010-06). The Organization did not hold any level 3 assets at either December 31, 2018 or 2017.

The Organization recognizes transfers of assets into and out of levels as of the date an event or change in circumstances causes the transfer. There were no transfers between levels in the years ended December 31, 2018 and 2017.

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Note M - Liquidity and Availability of Financial Assets

The Organization monitors its liquidity so that it is able to meet its operating needs. The following table reflects the Organization's financial assets as of December 31, 2018 and 2017, reduced by amounts not available for general operating expenditure within one year. Financial assets are considered unavailable when not liquid or not convertible into cash within one year, assets held for others, or board designated funds.

<u>Financial Assets:</u>	<u>2018</u>	<u>2017</u>
Cash and cash equivalents	\$ 380,603	\$ 349,211
Money Market Fund	-	0
Campaign pledges receivable, net	463,229	635,658
Beneficial interest in assets held by Union County Foundation	127,093	134,412
Total financial assets	<u>\$ 970,925</u>	<u>\$ 1,119,281</u>
<u>Less: amounts not available for general expenditure within one year</u>		
Allocations and designations payable - agencies	69,683	131,177
United Way allocations and donor designations from campaign pledges	<u>669,460</u>	<u>736,928</u>
Total amounts not available for general expenditure within one year	<u>739,143</u>	<u>868,105</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 231,782</u></u>	<u><u>\$ 251,176</u></u>

The Organization manages its cash available to meet general expenditures following three guiding principles: (1) operating with prudent range of financial soundness and stability, (2) maintaining adequate liquid assets, and (3) maintaining sufficient reserves to provide reasonable assurance that long-term grant commitments and obligations will continue to be met, ensuring the sustainability of the Organization.

Note N - Subsequent Review

In 2019, the board of directors approved and agreed to a severance agreement with the Organization's operations director to pay a gross amount of \$40,530 to terminate the operations director position.

Management has evaluated subsequent events through August 29, 2019, the date the financial statements were available to be issued.