

UNITED WAY OF DEKALB COUNTY, INC.

FINANCIAL STATEMENTS

**For the Short Fiscal Year Ending June 30, 2017 and
the Year Ending December 31, 2016**

United Way of DeKalb County, Inc.

Table of Contents

Short Fiscal Year Ending June 30, 2017 and Year Ending December 31, 2016

Independent Auditors' Report	1 - 2
Statements of Financial Position – For the short fiscal year ended June 30, 2017 and the year ended December 31, 2016	3
Statement of Activities – For the short fiscal year ended June 30, 2017	4
Statement of Activities – For the year ended December 31, 2016	5
Statement of Functional Expenses – For the short fiscal year ended June 30, 2017	6
Statement of Functional Expenses – For the year ended December 31, 2016	7
Statements of Cash Flows – For the short fiscal year ended June 30, 2017 and the year ended December 31, 2016	8
Notes to Consolidated Financial Statements – For the short fiscal year ended June 30, 2017 and the year ended December 31, 2016	9 - 17



A Limited Liability Company
CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors
United Way of DeKalb County, Inc.
Auburn, Indiana

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of UNITED WAY OF DEKALB COUNTY, INC. (a not-for-profit organization), which comprise the statements of financial position as of June 30, 2017 and December 31, 2016, and the related statements of activities, functional expenses, and cash flows for the short fiscal year and calendar year 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 for the Financial Statements

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 DEKALB COUNTY, INC. as of June 30, 2017 and December 31, 2016, and the changes in its net assets and its cash flows for the short fiscal year and the calendar year then ended in accordance with accounting principles generally accepted in the United States of America.



THE SEIGEL GROUP, LLC
Certified Public Accountants
Auburn, Indiana

November 7, 2017

UNITED WAY OF DEKALB COUNTY, INC.

Statements of Financial Position

Short Fiscal Year Ending June 30, 2017 and Year Ending December 31, 2016

	<u>June 30,</u> <u>2017</u>	<u>December 31,</u> <u>2016</u>
<u>ASSETS:</u>		
Cash on hand and in bank	\$ 325,712.80	\$ 677,112.99
Certificates of deposit	453,024.91	-
Interest receivable	1,828.82	-
Grant receivable, UnitedIN16 (2016)	-	65,000.00
Pledges receivable, 2016/2017 campaign, less allowance	335,582.82	528,176.95
Pledges receivable, 2015/2016 campaign, less allowance	1,752.84	62,315.86
Prepaid expenses	3,477.02	3,573.83
Office equipment and leasehold improvements	26,848.78	26,848.78
<u>Less: Accumulated depreciation</u>	<u>(24,581.51)</u>	<u>(23,986.81)</u>
Beneficial interest in community foundation	315,546.78	294,825.57
	<u>\$ 1,439,193.26</u>	<u>\$ 1,633,867.17</u>
Total Assets		
<u>LIABILITIES:</u>		
Accounts payable	\$ 22,809.13	\$ 4,517.49
Accrued expenses	10,139.43	9,982.71
Allocations payable to agencies	-	102,875.51
Designations payable	23,966.82	39,727.05
	<u>\$ 56,915.38</u>	<u>\$ 157,102.76</u>
Total Liabilities		
<u>NET ASSETS:</u>		
Unrestricted	\$ 334,176.92	\$ 505,892.35
Temporarily restricted	817,219.81	742,466.02
Permanently restricted	230,881.15	228,406.04
Total Net Assets	<u>\$ 1,382,277.88</u>	<u>\$ 1,476,764.41</u>
	<u>\$ 1,439,193.26</u>	<u>\$ 1,633,867.17</u>
Total Liabilities and Net Assets		

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UNITED WAY OF DEKALB COUNTY, INC.

Statement of Activities

Short Fiscal Year Ended June 30, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<u>Support and Revenue:</u>				
Contributions	\$ 4,275.95	\$ 54,301.95	\$ 2,475.11	\$ 61,053.01
Donor designations	(269.77)	(720.00)	-	(989.77)
Allowance for uncollectible pledges	1,752.84	(3,142.61)	-	(1,389.77)
	<u>\$ 5,759.02</u>	<u>\$ 50,439.34</u>	<u>\$ 2,475.11</u>	<u>\$ 58,673.47</u>
Designation from other United Ways	\$ 4,045.34	\$ 6,877.87	\$ -	\$ 10,923.21
Service fees	103.07	-	-	103.07
Business grants	-	2,500.00	-	2,500.00
United Way grants	110.00	-	-	110.00
In-kind contributions	49,461.51	-	-	49,461.51
<u>Special Events:</u>				
Day of Caring	13,639.18	4,695.82	-	18,335.00
Power of the Purse	21,455.59	42,955.41	-	64,411.00
Kindergarten Countdown	7,002.75	-	-	7,002.75
Realized gain (loss) on investment	4,257.25	-	-	4,257.25
Unrealized gain (loss) on investment	14,076.99	-	-	14,076.99
Investment income	4,965.09	-	-	4,965.09
Miscellaneous income	1,666.64	-	-	1,666.64
Net assets released from restrictions	32,714.65	(32,714.65)	-	-
	<u>\$ 159,257.08</u>	<u>\$ 74,753.79</u>	<u>\$ 2,475.11</u>	<u>\$ 236,485.98</u>
<u>Total Revenue and Support</u>				
<u>Expenses:</u>				
Resource distribution	\$ 102,874.83	\$ -	\$ -	\$ 102,874.83
Special events	74,920.98	-	-	74,920.98
Other program services	40,312.95	-	-	40,312.95
Total Program Services	<u>\$ 218,108.76</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 218,108.76</u>
Management and general	\$ 26,598.76	\$ -	\$ -	\$ 26,598.76
Fundraising	82,632.67	-	-	82,632.67
United Way of America dues	3,632.32	-	-	3,632.32
Total Expenses	<u>\$ 330,972.51</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 330,972.51</u>
<u>Changes in Net Assets</u>	<u>\$ (171,715.43)</u>	<u>\$ 74,753.79</u>	<u>\$ 2,475.11</u>	<u>\$ (94,486.53)</u>
<u>Net Assets, December 31, 2016</u>	<u>505,892.35</u>	<u>742,466.02</u>	<u>228,406.04</u>	<u>1,476,764.41</u>
<u>Net Assets, June 30, 2017</u>	<u>\$ 334,176.92</u>	<u>\$ 817,219.81</u>	<u>\$ 230,881.15</u>	<u>\$ 1,382,277.88</u>

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UNITED WAY OF DEKALB COUNTY, INC.

Statement of Activities
Year Ended December 31, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<u>Support and Revenue:</u>				
Contributions	\$ 77,814.41	\$ 620,863.36	\$ 5,536.55	\$ 704,214.32
Donor designations	(10,661.54)	(25,918.70)	-	(36,580.24)
Allowance for uncollectible pledges	6,679.28	(31,345.00)	-	(24,665.72)
	<u>\$ 73,832.15</u>	<u>\$ 563,599.66</u>	<u>\$ 5,536.55</u>	<u>\$ 642,968.36</u>
Designation from other United Ways	\$ 17,115.47	\$ 500.00	\$ -	\$ 17,615.47
Service fees	1,650.01	-	-	1,650.01
United Way grants	1,838.63	65,000.00	-	66,838.63
In-kind contributions	40,907.84	-	-	40,907.84
<u>Special Events:</u>				
Day of Caring	12,935.00	-	-	12,935.00
Power of the Purse	69,269.17	-	-	69,269.17
Kindergarten Countdown	1,245.00	-	-	1,245.00
Realized gain (loss) on investment	(503.26)	-	-	(503.26)
Unrealized gain (loss) on investment	12,347.87	-	-	12,347.87
Investment income	6,822.21	-	-	6,822.21
Miscellaneous income	4,268.51	-	-	4,268.51
Net assets released from restrictions	604,191.12	(604,191.12)	-	-
	<u>\$ 845,919.72</u>	<u>\$ 24,908.54</u>	<u>\$ 5,536.55</u>	<u>\$ 876,364.81</u>
<u>Expenses:</u>				
Resource distribution	\$ 413,166.64	\$ -	\$ -	\$ 413,166.64
Special events	149,077.45	-	-	149,077.45
Other program services	83,493.50	-	-	83,493.50
Total Program Services	<u>\$ 645,737.59</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 645,737.59</u>
Management and general	\$ 52,817.37	\$ -	\$ -	\$ 52,817.37
Fundraising	119,374.27	-	-	119,374.27
United Way of America dues	8,994.44	-	-	8,994.44
Total Expenses	<u>\$ 826,923.67</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 826,923.67</u>
<u>Changes in Net Assets</u>	<u>\$ 18,996.05</u>	<u>\$ 24,908.54</u>	<u>\$ 5,536.55</u>	<u>\$ 49,441.14</u>
<u>Net Assets, December 31, 2015</u>	<u>486,896.30</u>	<u>717,557.48</u>	<u>222,869.49</u>	<u>1,427,323.27</u>
<u>Net Assets, December 31, 2016</u>	<u>\$ 505,892.35</u>	<u>\$ 742,466.02</u>	<u>\$ 228,406.04</u>	<u>\$ 1,476,764.41</u>

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UNITED WAY OF DEKALB COUNTY, INC.

Statement of Functional Expenses

Short Fiscal Year Ended June 30, 2017

	Program Services	Management & General	Fundraising	Total
Resource distribution	\$ 102,874.83	\$ -	\$ -	\$ 102,874.83
Day of Caring	\$ 20,417.90	\$ -	\$ -	\$ 20,417.90
Power of the Purse	-	-	58,744.49	58,744.49
2-1-1 Service fee	5,784.00	-	-	5,784.00
Early learning	35,366.52	-	-	35,366.52
Community focus	13,352.56	-	-	13,352.56
Total Special Events	\$ 74,920.98	\$ -	\$ 58,744.49	\$ 133,665.47
Salaries	\$ 26,011.20	\$ 13,978.70	\$ 15,486.67	\$ 55,476.57
Employee benefits	720.33	402.31	531.81	1,654.45
Taxes - Payroll	1,978.14	1,063.07	1,177.75	4,218.96
Worker's compensation	144.88	77.86	86.26	309.00
Auditing and accounting fees	3,378.00	1,689.00	3,378.00	8,445.00
Bank charges	-	52.29	-	52.29
Credit card fees	33.82	-	-	33.82
Campaign supplies	-	-	75.00	75.00
Depreciation	267.61	267.62	59.47	594.70
Dues and subscriptions	154.80	154.80	34.40	344.00
Dues - State	570.60	570.60	126.80	1,268.00
Equipment rental	838.16	838.17	186.26	1,862.59
Insurance	827.45	827.46	183.88	1,838.79
Management fee	-	2,330.62	-	2,330.62
Marketing and advertising	1,928.40	321.40	964.20	3,214.00
Miscellaneous	45.15	45.15	38.70	129.00
Office supplies	1,098.12	422.36	168.94	1,689.42
Postage	147.55	36.89	184.44	368.88
Rent	780.00	2,730.00	390.00	3,900.00
Repairs and maintenance	40.25	140.85	20.12	201.22
Telephone and internet	434.61	241.46	289.75	965.82
Training	71.00	71.00	-	142.00
Travel	842.88	337.15	505.73	1,685.76
Total Operations	\$ 40,312.95	\$ 26,598.76	\$ 23,888.18	\$ 90,799.89
Total Expenses	<u>\$ 218,108.76</u>	<u>\$ 26,598.76</u>	<u>\$ 82,632.67</u>	<u>\$ 327,340.19</u>
	67%	8%	25%	100%

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

See Independent Auditors' Report

UNITED WAY OF DEKALB COUNTY, INC.

Statement of Functional Expenses

Year Ended December 31, 2016

	<u>Program Services</u>	<u>Management & General</u>	<u>Fundraising</u>	<u>Total</u>
Resource distribution	\$ 413,166.64	\$ -	\$ -	\$ 413,166.64
Day of Caring	\$ 19,881.90	\$ -	\$ -	\$ 19,881.90
Power of the Purse	44,735.00	-	58,461.42	103,196.42
2-1-1 Service fee	11,330.00	-	-	11,330.00
Early learning	45,256.29	-	-	45,256.29
Community focus	27,874.26	-	-	27,874.26
Total Special Events	\$ 149,077.45	\$ -	\$ 58,461.42	\$ 207,538.87
Salaries	\$ 44,760.08	\$ 24,999.00	\$ 33,045.81	\$ 102,804.89
Employee benefits	1,262.49	717.22	589.45	2,569.16
Taxes - Payroll	3,312.74	1,850.20	2,445.75	7,608.69
Worker's compensation	230.32	128.64	170.04	529.00
Auditing and accounting fees	10,713.60	5,356.80	10,713.60	26,784.00
Bank charges	-	90.25	-	90.25
Credit card fees	84.00	-	-	84.00
Campaign supplies	-	-	3,803.92	3,803.92
Depreciation	655.55	655.55	145.68	1,456.78
Dues and subscriptions	240.66	240.66	53.48	534.80
Dues - State	626.61	626.61	139.25	1,392.47
Equipment rental	1,528.10	1,528.10	339.58	3,395.78
Insurance	1,627.63	1,627.64	361.70	3,616.97
Management fee	-	4,232.39	-	4,232.39
Marketing and advertising	10,205.85	1,700.98	5,102.93	17,009.76
Meeting expense	183.99	26.28	52.57	262.84
Miscellaneous	184.59	184.60	158.23	527.42
Office supplies	1,508.52	580.20	232.08	2,320.80
Postage	691.77	172.95	864.73	1,729.45
Rent	1,560.00	5,460.00	780.00	7,800.00
Repairs and maintenance	85.56	299.47	42.78	427.81
Telephone and internet	808.37	449.10	538.92	1,796.39
Training	1,002.50	1,002.50	-	2,005.00
Travel	2,220.57	888.23	1,332.35	4,441.15
Total Operations	\$ 83,493.50	\$ 52,817.37	\$ 60,912.85	\$ 197,223.72
Total Expenses	<u>\$ 645,737.59</u>	<u>\$ 52,817.37</u>	<u>\$ 119,374.27</u>	<u>\$ 817,929.23</u>
	79%	6%	15%	100%

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The accompanying notes are an integral part of the financial statements.
See Independent Auditors' Report

UNITED WAY OF DEKALB COUNTY, INC.

Statements of Cash Flows

Short Fiscal Year Ending June 30, 2017 and Year Ending December 31, 2016

	<u>06/30/2017</u>	<u>12/31/2016</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>		
Increase (decrease) in net assets	\$ (94,486.53)	\$ 49,441.14
<u>NON-CASH CHARGES (CREDITS) TO NET INCOME:</u>		
Depreciation	\$ 594.70	\$ 1,456.78
Realized (gain) loss on investments	(4,257.25)	503.26
Unrealized (gains) losses on investments	(14,076.99)	(12,347.87)
Allowance for uncollectible	1,389.77	24,665.72
<u>CHANGES IN CERTAIN OPERATING ASSETS AND LIABILITIES:</u>		
Pledges receivable	\$ 251,767.38	\$ (55,308.50)
Interest receivable	(1,828.82)	-
Grants receivable	65,000.00	(65,000.00)
Accounts receivable	-	968.00
Prepaid expenses	96.81	(1,084.33)
Beneficial interest in community foundation	(2,386.97)	(7,821.40)
Accounts payable	18,291.64	(2,664.82)
Payroll taxes payable	156.72	3,095.83
Allocations payable to agencies	(102,875.51)	(1,814.48)
Designations payable	(15,760.23)	23,000.32
Cash Provided by (used for) Operating Activities	\$ 101,624.72	\$ (42,910.35)
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>		
Purchases of certificates of deposit	\$ (453,024.91)	\$ -
Cash Provided by (used for) Investing Activities	\$ (453,024.91)	\$ -
<u>CASH FLOWS FROM FINANCING ACTIVITIES:</u>	\$ -	\$ -
<u>INCREASE (DECREASE) IN CASH</u>	\$ (351,400.19)	\$ (42,910.35)
<u>CASH AT BEGINNING OF YEAR</u>	677,112.99	720,023.34
<u>CASH AT END OF YEAR</u>	<u>\$ 325,712.80</u>	<u>\$ 677,112.99</u>

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UNITED WAY OF DEKALB COUNTY, INC.

Notes to Financial Statements
June 30, 2017 and December 31, 2016

NOTE A - COMPANY DESCRIPTION:

United Way of DeKalb County, Inc. is a funding organization whose vision is to enable people to work together creating a thriving and vibrant community for all. United Way's mission is to fight for the health, education, and financial stability for every person in our community. The Organization was formed in 1960 and is governed by a volunteer board of directors with the input of additional community volunteers at a committee level.

Donor and grant dollars are used to help create a better community by supporting programs that focus on education, health, financial stability, and meeting basic needs. United Way works closely with human service agencies that align with these focus areas. The Organization funds 2-1-1, a 24-hour information and referral service for DeKalb County. They partner with FamilyWize to provide prescription discounts to residents. During the 2017 Day of Caring, 53 service projects were completed with the help of over 500 volunteers. During the 2016 Day of Caring, 50 service projects were completed with the help of approximately 500 volunteers. The United Way of DeKalb County developed and funds Kindergarten Countdown Camp for at-risk children entering kindergarten. 80 children throughout two public school districts were provided with 80 hours of instruction by a certified teacher, backpacks filled with school supplies, 20 books each, and a book case for their new home libraries. They Organization funds Ramp-it-Up which provides handicap accessible ramps to residents throughout the year. United Way of DeKalb County hosts the Power of the Purse Fundraiser once a year to raise money for early learning, women, and children. The event hosted more than 500 women in 2017 raising \$47,000 for programs in the community. The event hosted more than 600 women in 2016 raising \$45,000 for programs in the community.

In addition, their early learning initiative, Let's Talk, focuses on educating parents and caregivers of young children about the relationship between talking to their child, literacy, and academic and lifelong success. The curriculum used is designed to bridge the 30 million word gap. The early learning initiative provides a gift of a board book and resources to new mothers at local hospitals and mails them additional information and a book at three and nine months. They have partnered with all libraries in the county to provide an additional book to each mom at any of the four libraries. United Way has funded Let's Talk Book Buddies, formerly play groups, for eight different sites in the community since it began in 2015. United Way of DeKalb County has continued to grow their Let's Talk initiative by initiating more pieces of the curriculum. Story Bags have been started by partnering with four agencies in the community who provide in-home case management services. Case managers are provided with an age appropriate bag filled with a book and manipulatives that they use with clients to teach them skills to interact with their children to promote healthy brain development. In 2016, United Way gave more than 900 books to children at local events and fairs.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

1. **Basis of Accounting:**

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities.

2. **Public Support and Revenue:**

Contributions are recognized when a donor makes a promise to give to the Organization. Contributions having donor restrictions are reported as increases in temporary or permanently restricted net assets depending on the nature of the restrictions. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. Upon the expiration of a restriction, temporarily restricted net assets are reclassified to unrestricted net assets. The majority of the pledges are received from a broad base of contributors in DeKalb County as a result of the annual campaign.

UNITED WAY OF DEKALB COUNTY, INC.

Notes to Financial Statements
June 30, 2017 and December 31, 2016

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. The Organization uses the allowance method to determine the amount of uncollectible pledges receivable. Such method is based on both prior years' experience and analysis by management of the specific pledges made.

Grants received with specific donor stipulations are reported as temporarily restricted support. When a time restriction passes or a purpose restriction is accomplished, the temporarily restricted net assets are reclassified to unrestricted net assets in the statement of activities.

3. **Cash and Cash Equivalents:**

For purposes of the statement of cash flows, the Organization defines cash and cash equivalents as all highly liquid investments available for current use with an initial maturity of three months or less.

4. **Property and Depreciation:**

Office equipment is recorded at cost, or fair market value if contributed, and is being depreciated over estimated useful lives for financial statement purposes from five to twelve years using the straight-line method of depreciation. It is the general policy of the Board to capitalize expenditures for these items in excess of \$500.00. Expenditures for maintenance and repairs are charged to operations as incurred.

5. **Donor Designations:**

Designations to member agencies of the United Way of DeKalb are included in the gross contribution revenue since the board follows the "first dollar in, first dollar out" policy wherein specific donor designations to member agencies are included in the allocations determined by the Board of Directors. This is in compliance with United Way of America's cost deduction requirements.

6. **Income Taxes:**

Income taxes are not provided for in the financial statements since the Organization is exempt from federal and state income taxes under section 501(c)(3) of the Internal Revenue Code and similar state provisions. Management evaluates all tax positions taken or expected to be taken on its annual information returns, including the position that the Organization continues to qualify to be treated as a 501(c)(3) Organization for both federal and state purposes. For the short fiscal year ended June 30, 2017 and the year ended December 31, 2016, management does not feel it has taken any tax positions that would not be sustained under examination. Therefore, no interest or penalties have been accrued or charged to expense as of June 30, 2017 and December 31, 2016, or the years then ended. The annual information returns for the Organization are subject to examination by taxing authorities for a period of three years from the date they are filed.

7. **Estimates:**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

8. **Functional Expenses:**

The United Way has allocated expenses for management and general and fundraising expenses based on estimates of personnel time, space and usage of supplies.

UNITED WAY OF DEKALB COUNTY, INC.

Notes to Financial Statements
June 30, 2017 and December 31, 2016

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

9. Net Assets:

Unrestricted – These include revenue and expenses from the normal operations, the uses of which are at the discretion of management and the Board of Directors.

Temporarily Restricted – Temporarily restricted net assets include resources expendable only for those purposes specified by the donor or grantor. The restrictions are satisfied either by the passage of time or by actions by the Organization.

Permanently Restricted – Permanently restricted amounts are those which are subject to donor-imposed stipulations or are Board designated requirement that they be maintained permanently by the Organization.

10. Subsequent Events:

The Organization did not have any reportable subsequent events through November 7, 2017, which is the date the financial statements were available to be issued for events requiring recording or disclosure in the financial statements for the short fiscal year ended June 30, 2017.

11. Change in Fiscal Year End:

The financial year end of the Organization was changed from December 31 to June 30 to align the financial year end more closely with the campaign year. Accordingly, the current financial statements are prepared for 6 months from January 1, 2017 to June 30, 2017 and as a result, the comparative figures stated in the statements of financial position, statement of activities, statement of functional expenses, cash flow statement and the related notes are not comparable.

NOTE C - PLEDGES RECEIVABLE:

All pledges receivable are due in one year. Although there are amounts remaining from prior year pledges, the majority of these are from payroll withholdings from area businesses, and most amounts are received within one year from the time of the pledge. Following is a summary of pledges receivable at June 30, 2017 and December 31, 2016:

	<u>2017</u>	<u>2016</u>
2015/2016 Campaign	\$ 10,699.63	\$ 82,366.06
Less: Allowance for uncollectible pledges	<u>(8,946.79)</u>	<u>(20,050.50)</u>
	<u>\$ 1,752.84</u>	<u>\$ 62,315.56</u>
2016/2017 Campaign	\$ 369,120.43	\$ 559,351.95
Less: Allowance for uncollectible pledges	<u>(33,537.61)</u>	<u>(31,175.00)</u>
	<u>\$ 335,582.82</u>	<u>\$ 528,176.95</u>
	<u>\$ 337,335.66</u>	<u>\$ 590,492.51</u>

UNITED WAY OF DEKALB COUNTY, INC.

Notes to Financial Statements
June 30, 2017 and December 31, 2016

NOTE D - GRANTS RECEIVABLE:

During 2016 the Organization applied and received a UnitedIN16 grant from the Indiana Association of United Ways. The grant was for the Early Learning Initiative and capacity development. The grant matched new campaigns, 10% increases in workplace campaigns, 5% increases in employee participation in existing campaigns, and new Early Learning Initiative contributions. The match was capped at \$65,000.00 and all grant funds were earned in 2016. All grant funds were received in 2017.

NOTE E - ENDOWMENT FUND:

The United Way's endowment funds consist of funds held at the DeKalb County Community Foundation that came from contributions from the United Way which are not considered as funds available for the normal operating budget. Consequently, the endowment is made up of funds designated by the Board of Directors to function as endowments. Income from investments in which the funds are held are typically distributed quarterly net of administrative and management fees. The amount available for distribution to the United Way at June 30, 2017 is \$85,665.00. It will be up to the Board of Directors of the United Way to approve the use of any earnings from the endowment fund before such funds can be requested from the Foundation.

The Board of Directors of the United Way has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the historic dollar value of the original gift as of the gift date of the donor-restricted endowment funds (or board designation) absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as permanently restricted net assets (1) the original value of gifts donated to the permanent endowment, and (2) the original value of subsequent gifts to the permanent endowment. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as unrestricted net assets even though not yet appropriated for expenditure by the Organization in a manner consistent with the standard of 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 fund
2. The purpose of the Organization and the donor-restricted endowment fund
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
7. The investment policies of the Organization

The DeKalb County Community Foundation, where the funds are held, has the following return objective: "Consistent with the Foundation's payout policy, the minimum total annual return expected over any given five year period is the Consumer Price Index (CPI) plus 5% after fees. It recognizes that "the pursuit of a total return policy—as contrasted to a net income approach—may entail the use of a significant portion of equity securities thus increasing the volatility of the portfolio."

From time to time the fair value of assets associated with individual donor-restricted or board-designated endowment funds may fall below the level that current law requires the organization to retain for a fund of perpetual duration. In accordance with accounting principles generally accepted in the United States of America, deficiencies of this nature are reported in unrestricted net assets.

UNITED WAY OF DEKALB COUNTY, INC.

Notes to Financial Statements
June 30, 2017 and December 31, 2016

NOTE E - ENDOWMENT FUND (continued):

The endowment net assets composition by type of funds as of December 31, 2016 and December 31, 2015 is as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
June 30, 2017				
Board Designated	<u>\$ 84,665.63</u>	<u>\$ -</u>	<u>\$ 230,881.15</u>	<u>\$ 315,546.78</u>
	<u>\$ 84,665.63</u>	<u>\$ -</u>	<u>\$ 230,881.15</u>	<u>\$ 315,546.78</u>
December 31, 2016				
Board Designated	<u>\$ 66,419.53</u>	<u>\$ -</u>	<u>\$ 228,406.04</u>	<u>\$ 294,825.57</u>
	<u>\$ 66,419.53</u>	<u>\$ -</u>	<u>\$ 228,406.04</u>	<u>\$ 294,825.57</u>

Variance power has been granted to the Foundation that they may “vary the terms of any gift if continued adherence to any condition or restriction is in the judgment of the Foundation’s Board unnecessary, incapable of fulfillment or inconsistent with the charitable or other exempt purposes of the Foundation or needs of the community served by the Foundation.”

The Organization accounts for its assets held at the DeKalb County Community Foundations using ASC 958-605 “*Transfers of Assets to a Not-for-Profit Organization or Charitable Trust That Raises or Holds Contributions for Others*”. This standard requires that a specified beneficiary recognize its rights to the assets held by a recipient Organization as an asset unless the donor has explicitly granted the recipient Organization variance power. Since such funds are for the ongoing benefit of the Organization, they are required to be included in the net assets.

UNITED WAY OF DEKALB COUNTY, INC.

Notes to Financial Statements
June 30, 2017 and December 31, 2016

NOTE E - ENDOWMENT FUND (continued):

The changes in endowment net assets are as follows for the short fiscal year ended June 30, 2017 and the year ended December 31, 2016:

Short Fiscal Year Ended June 30, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
December 31, 2016	\$ 66,419.53	\$ -	\$ 228,406.04	\$ 294,825.57
Investment income	\$ 2,242.48	\$ -	\$ -	\$ 2,242.48
Realized gain (loss)	4,257.25	-	-	4,257.25
Unrealized gain (loss)	14,076.99	-	-	14,076.99
Fees	<u>(2,330.62)</u>	<u>-</u>	<u>-</u>	<u>(2,330.62)</u>
Total Investment Return	\$ 18,246.10	\$ -	\$ -	\$ 18,246.10
Contributions	<u>-</u>	<u>-</u>	<u>2,475.11</u>	<u>2,475.11</u>
June 30, 2017	<u>\$ 84,665.63</u>	<u>\$ -</u>	<u>\$ 230,881.15</u>	<u>\$ 315,546.78</u>

Year Ended December 31, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
December 31, 2015	\$ 52,290.07	\$ -	\$ 222,869.49	\$ 275,159.56
Investment income	\$ 6,517.24	\$ -	\$ -	\$ 6,517.24
Realized gain (loss)	(503.26)	-	-	(503.26)
Unrealized gain (loss)	12,347.87	-	-	12,347.87
Fees	<u>(4,232.39)</u>	<u>-</u>	<u>-</u>	<u>(4,232.39)</u>
Total Investment Return	\$ 14,129.46	\$ -	\$ -	\$ 14,129.46
Contributions	<u>-</u>	<u>-</u>	<u>5,536.55</u>	<u>5,536.55</u>
December 31, 2016	<u>\$ 66,419.53</u>	<u>\$ -</u>	<u>\$ 228,406.04</u>	<u>\$ 294,825.57</u>

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UNITED WAY OF DEKALB COUNTY, INC.

Notes to Financial Statements
June 30, 2017 and December 31, 2016

NOTE F - TEMPORARILY RESTRICTED NET ASSETS:

Temporarily restricted net assets at each fiscal year end consist of the net realizable pledges receivable from the Fall Campaigns that are time restricted the next fiscal year. This consists of gross campaign revenues less donor designations (to non-member agencies) and an allowance for estimated uncollectible pledges. Temporarily restricted net assets also include program service revenues and grants not used by the end of the year. The balances as of June 30, 2017 and December 31, 2016 are as follows:

	<u>2017</u>	<u>2016</u>
Pledges from current campaign	\$ 629,428.53	\$ 569,636.21
Power of the Purse	63,515.12	20,559.71
Day of Caring	16,412.31	11,716.49
4C2 grant	2,320.62	3,894.04
UnitedIN16 grant	63,067.70	65,000.00
Invest 1213 grant	3,713.42	13,296.43
Early learning program	24,566.30	36,740.35
Strategic planning	2,500.00	-
Work2Gether grant	11,695.81	21,622.79
	<u>\$ 817,219.81</u>	<u>\$ 742,466.02</u>

NOTE G - COMPENSATED ABSENCES AND VACATION PAY:

The length of service to the United Way determines eligibility for vacation pay. One week of vacation pay is awarded to full-time employees after six-months of continuous employment, two weeks after two years of continuous employment, three weeks after four years of continuous employment and four weeks after seven year of service. Unused vacation days are forfeited if not used by December 31. Vacation pay is not accrued as the total is not considered to be material to the financial statements.

Full time employees are also eligible for up to 64 hours of sick time per calendar year. These hours are accrued at a rate of eight hours per month of employment. Sick days may be accumulated up to a maximum of 480 hours and may be carried over to the next year. Employees leaving the United Way employment will not be compensated for unused sick days accumulated.

NOTE H - IN-KIND DONATIONS:

A number of unpaid volunteers have made generous contributions of their time in helping with various clerical and other duties, especially during the annual fundraising campaign. The value of this contributed time is not reflected in the statements since it is not susceptible to objective measurement or valuation.

Occasionally some in-kind donations are received by the Organization and are included as both a contribution and an asset or an expense in the financial statements at donor cost. In-kind donations received in 2017 consisted of \$2,110.00 of professional fees, \$40,372.79 for Power of the Purse, \$6,778.72 toward the Day of Caring event, \$125.00 in marketing fees, and \$75.00 of donated campaign supplies.

In-kind donations received in 2016 consisted of \$6,651.00 of professional fees, \$26,224.12 for Power of the Purse, \$6,537.95 toward the Day of Caring event, \$1,356.43 for the Early Learning Initiative, and \$138.34 of donated food for training events.

UNITED WAY OF DEKALB COUNTY, INC.

Notes to Financial Statements
June 30, 2017 and December 31, 2016

NOTE I - OPERATING LEASE:

The United Way leases office space from the local Chamber of Commerce on an annual basis. A new lease usually comes into effect in June of every year. The Organization signed a new lease on May 13, 2016. Rent expense for the short fiscal year ended June 30, 2017 and the year ended December 31, 2016 were \$3,900.00 and \$7,800.00, respectively.

A 48-month lease for a Canon imageRUNNER Advance C3330i copier was signed on September 29, 2015. Payments on the lease are \$120.44 a month. Equipment lease expense for 2017 and 2016 were \$1,862.59 and \$3,395.78 respectively.

NOTE J - BOARD APPROPRIATIONS:

The Organization's Board of Directors has made certain appropriations out of the net unrestricted assets for the following purposes:

	<u>2017</u>	<u>2016</u>
Emergency community disaster relief	\$ 25,000.00	\$ 25,000.00
Recovery	<u>40,000.00</u>	<u>40,000.00</u>
Total Board Appropriations	<u>\$ 65,000.00</u>	<u>\$ 65,000.00</u>

NOTE K - EMPLOYEE RETIREMENT PLAN:

Starting in 2016, the Organization changed the retirement plan to a SIMPLE IRA plan under Internal Revenue Code 408(p). To meet eligibility requirements, an employee must have earned a minimum of \$5,000 in compensation in any two preceding calendar years and expect to earn at least \$5,000 in compensation in the current year. The Company will make a dollar for dollar matching contribution up to 3% of each eligible employee's compensation. Company expense for this plan for the short fiscal year ended June 30, 2017 and the year ended December 31, 2016 were \$1,654.46 and \$2,569.16, respectively.

NOTE L - AGENCY ALLOCATIONS:

The Board of Directors has approved \$413,166.64 to be distributed for grants and agency allocations in 2016. This amount has been expensed in 2016 with \$102,874.83 remaining to be paid in 2017.

Starting in 2017, the Board has changed the allocation period to align with the new fiscal year. To help out their partner agencies through the transition, they paid out an additional \$102,874.83 during the short fiscal year ended June 30, 2017.

UNITED WAY OF DEKALB COUNTY, INC.

Notes to Financial Statements
June 30, 2017 and December 31, 2016

NOTE M - FAIR VALUE OF FINANCIAL INSTRUMENTS:

The organization's valuation techniques are based on observable pricing inputs. These inputs are comprised by the following fair value hierarchy.

Level 1 – Observable inputs in the form of quoted prices for identical instruments in active markets.

Level 2 – Observable inputs other than Level 1, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active or other inputs that are observable or can be derived from observable market data substantially in full term of asset or liabilities.

Level 3 – Unobservable pricing inputs in which little or no market activity exists therefore requiring an entity to develop its own assumptions that market participants would use in pricing an assets or liability.

The certificates of deposit are carried at face value plus accrued interest. The carrying value approximates fair value given that stated rates approximate current market rates.

The beneficial interest in an outside trust is classified as Level 3, as the Organization is not the trustee for the trust and the unit of ownership is an individual interest in the trust; the Organization determines the fair market value of an outside trust based on the underlying investments.

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
June 30, 2017			
Certificates of deposit	\$ -	\$ 453,024.91	-
Beneficial interest in community foundations			
DeKalb County agency fund	-	-	315,546.78
Total Beneficial Interest	<u>\$ -</u>	<u>\$ 453,024.91</u>	<u>\$ 315,546.78</u>
December 31, 2016			
Beneficial interest in community foundations			
DeKalb County agency fund	\$ -	\$ -	\$ 294,825.57
Total Beneficial Interest	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 294,825.57</u>

NOTE N - CONCENTRATIONS:

The Organization received matching pledges of \$152,694.00 from Steel Dynamics during 2016. This amount from a corporate donor represents approximately 17.4% of total support and revenue for the year ended December 31, 2016.

The Organization did not receive any large matching pledges or other large contributions during the short fiscal year ended June 30, 2017.