

United Way of Adams County, Inc.

Financial Statements

Years Ended June 30, 2017 and 2016

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Financial Section



Independent Auditor's Report

To the Board of Trustees of
United Way of Adams County, Inc.

We have audited the accompanying financial statements of United Way of Adams County, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2017 and 2016, 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 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 Adams County, Inc. as of June 30, 2017 and 2016, 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.

Independent Auditor's Report (Concluded)

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Partner Funding on page 16 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Wade Stables P.C.

Wade Stables P.C.
Certified Public Accountants

September 15, 2017
Quincy, Illinois

United Way of Adams County, Inc.
Statements of Financial Position
June 30, 2017 and 2016

	2017	2016
Assets		
Current Assets:		
Cash	\$ 215,151	\$ 373,377
Cash - fiscal agent	17,439	15,533
Certificates of deposit	336,009	335,255
Investments	557,118	493,016
Pledges receivable, net	262,466	269,521
Miscellaneous receivables	3,992	748
Prepaid expenses	6,888	9,100
Total Current Assets	\$ 1,399,063	\$ 1,496,550
Capital assets, net	14,523	20,580
Beneficial interest in assets held by the Community Foundation	19,356	17,333
Total Assets	\$ 1,432,942	\$ 1,534,463
 Liabilities and Net Assets		
Current Liabilities:		
Accounts payable	\$ 398	\$ 11,007
Payroll liabilities	2,062	1,261
Accrued vacation payable	2,033	4,650
Contribution payable	2,000	3,001
Designations payable	29,086	-
Deferred grant revenue	10,000	50,000
Total Current Liabilities	\$ 45,579	\$ 69,919
 Net Assets		
Unrestricted:		
Designated for allocations and initiatives	\$ 670,743	\$ 678,787
Undesignated	579,894	666,385
Temporarily restricted	117,370	102,039
Permanently restricted	19,356	17,333
Total Net Assets	\$ 1,387,363	\$ 1,464,544
 Total Liabilities and Net Assets	 \$ 1,432,942	 \$ 1,534,463

See accompanying notes to financial statements.

United Way of Adams County, Inc.

Statements of Activities

Years Ended June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Changes In Unrestricted Net Assets:		
Support		
Campaign contributions, net	\$ 981,263	\$ 1,083,865
Contributions - other	62,723	57,883
Grant income	65,000	15,000
Special event income (net of \$1,979 and \$11,080 in direct costs)	1,721	2,624
Miscellaneous income	3,689	1,075
Interest and dividends	11,162	9,883
Realized gain (loss)	346	(62)
Unrealized gain (loss)	59,178	(18,504)
Total Unrestricted Support	<u>\$ 1,185,082</u>	<u>\$ 1,151,764</u>
Net Assets Released from Restrictions	<u>79,557</u>	<u>89,899</u>
Total Unrestricted Support and Reclassifications	<u>\$ 1,264,639</u>	<u>\$ 1,241,663</u>
Expenses		
Program Services		
Resource investment	\$ 774,708	\$ 727,475
Community impact	101,666	200,527
Direct services	57,933	59,523
Unmet needs	20,603	34,003
Financial stability	78,509	100,614
Other programs	91,121	33,732
Total Program Services	<u>\$ 1,124,540</u>	<u>\$ 1,155,874</u>
Supporting Activities:		
Resource development	\$ 57,768	\$ 55,522
Communications	26,917	22,050
Management and general	149,949	163,676
Total Supporting Activities	<u>\$ 234,634</u>	<u>\$ 241,248</u>
Total Expenses	<u>\$ 1,359,174</u>	<u>\$ 1,397,122</u>
Change In Unrestricted Net Assets	<u>\$ (94,535)</u>	<u>\$ (155,459)</u>
Changes In Temporarily Restricted Net Assets:		
Contributions - other	\$ 94,888	\$ 78,003
Restrictions Expired and Expended	(79,557)	(89,899)
Change In Temporarily Restricted Net Assets	<u>\$ 15,331</u>	<u>\$ (11,896)</u>
Changes In Permanently Restricted Net Assets:		
Change in beneficial interest	\$ 2,023	\$ (286)
Change In Permanently Restricted Net Assets	<u>\$ 2,023</u>	<u>\$ (286)</u>
Total Change In Net Assets	<u>\$ (77,181)</u>	<u>\$ (167,641)</u>
Net Assets at Beginning of Year	1,464,544	1,608,402
Prior Period Adjustment	<u>-</u>	<u>23,783</u>
Net Assets at End of Year	<u>\$ 1,387,363</u>	<u>\$ 1,464,544</u>

See accompanying notes to financial statements.

United Way of Adams County, Inc.

Statements of Cash Flow

Years Ended June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Cash Flows From Operating Activities:		
Increase (Decrease) in net assets	\$ (77,181)	\$ (159,391)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	7,111	10,619
Unrealized gains on investments	(59,178)	18,504
(Increase) Decrease in:		
Pledges receivable	7,055	(11,162)
Miscellaneous receivable	(3,244)	1,071
Prepaid expenses	2,212	1,865
Beneficial interest in assets held by the Community Foundation	(2,023)	(1,714)
Increase (Decrease) in:		
Accounts payable	(10,609)	7,663
Payroll liabilities	801	1,261
Accrued vacation payable	(2,617)	3,146
Contribution payable	(1,001)	3,001
Deferred revenue	(40,000)	50,000
Designations payable	29,086	-
Fiscal agent monies payable	-	(19,067)
Net Cash Provided (Used) by Operating Activities	<u>\$ (149,588)</u>	<u>\$ (94,204)</u>
Cash Flows from Investing Activities:		
Purchase of investments	\$ (5,678)	\$ (5,514)
Purchase of capital assets	(1,054)	(1,214)
Net Cash Provided (Used) by Investing Activities	<u>\$ (6,732)</u>	<u>\$ (6,728)</u>
Net Increase (Decrease) in Cash	\$ (156,320)	\$ (100,932)
Cash, Beginning of Year	<u>388,910</u>	<u>489,842</u>
Cash, End of Year	<u><u>\$ 232,590</u></u>	<u><u>\$ 388,910</u></u>

United Way of Adams County, Inc.
Statement of Functional Expenses
Year Ended June 30, 2017

	Program Services						
	Resource Investment	Community Impact	Direct Services	Unmet Needs	Financial Stability	Other Programs	Total Program Services
Salaries	\$ 7,560	\$ 53,270	\$ 32,969	\$ 2,520	\$ 11,550	\$ 3,990	\$ 111,859
Payroll taxes	590	4,145	2,573	196	901	311	8,716
Employee benefits	1,373	4,956	5,985	458	2,098	725	15,595
Total Personnel Costs	\$ 9,523	\$ 62,371	\$ 41,527	\$ 3,174	\$ 14,549	\$ 5,026	\$ 136,170
Allocations - partner funding	706,720	-	-	-	-	-	706,720
Direct designations	54,630	-	-	-	-	-	54,630
Fiscal sponsor expenses	-	-	-	-	-	9,868	9,868
Conferences and meetings	143	515	621	123	218	75	1,695
Depreciation	256	924	1,117	85	391	135	2,908
Direct client assistance	-	399	-	16,077	-	-	16,476
Dues and subscriptions	67	244	294	23	103	211	942
Equipment rental and maintenance	497	1,796	2,169	166	760	263	5,651
Special event expenses	-	-	-	-	-	7,500	7,500
Insurance	185	669	807	62	283	98	2,104
Investment fees	-	-	-	-	-	-	-
Miscellaneous	35	125	151	12	53	18	394
Occupancy	1,532	5,535	6,684	511	2,342	809	17,413
Printing and publications	16	58	70	5	24	8	181
Postage and shipping	88	195	232	41	109	27	692
Professional fees	213	771	931	71	326	170	2,482
Program and initiative expenses	-	24,885	30	-	58,195	66,513	149,623
Supplies	162	590	510	39	179	62	1,542
Technology	44	159	192	15	67	23	500
Telephone	117	421	508	39	178	62	1,325
Travel	48	450	208	16	73	25	820
United Way Worldwide dues	432	1,559	1,882	144	659	228	4,904
Total Functional Expenses	\$ 774,708	\$ 101,666	\$ 57,933	\$ 20,603	\$ 78,509	\$ 91,121	\$ 1,124,540

See accompanying notes to financial statements.

United Way of Adams County, Inc.
Statement of Functional Expenses (Concluded)
Year Ended June 30, 2017

	Supporting Activities				Total Functional Expenses
	Resource Development	Communications	Management & General	Total Supporting Activities	
Salaries	\$ 26,879	\$ 15,329	\$ 81,896	\$ 124,104	\$ 235,963
Payroll taxes	2,097	1,196	6,392	9,685	18,401
Employee benefits	4,880	2,783	14,869	22,532	38,127
Total Personnel Costs	\$ 33,856	\$ 19,308	\$ 103,157	\$ 156,321	\$ 292,491
Allocations - partner funding	-	-	-	-	706,720
Direct designations	-	-	-	-	54,630
Fiscal sponsor expenses	-	-	-	-	9,868
Conferences and meetings	2,135	289	1,544	3,968	5,663
Depreciation	910	519	2,774	4,203	7,111
Direct client assistance	-	-	-	-	16,476
Dues and subscriptions	560	137	731	1,428	2,370
Equipment rental and maintenance	1,768	1,009	5,388	8,165	13,816
Special event expenses	1,377	-	-	1,377	8,877
Insurance	658	375	2,039	3,072	5,176
Investment fees	-	-	4,129	4,129	4,129
Miscellaneous	298	70	1,845	2,213	2,607
Occupancy	5,450	3,108	16,606	25,164	42,577
Printing and publications	6,615	32	173	6,820	7,001
Postage and shipping	206	103	802	1,111	1,803
Professional fees	759	433	2,518	3,710	6,192
Program and initiative expenses	-	-	-	-	149,623
Supplies	631	237	1,314	2,182	3,724
Technology	156	89	476	721	1,221
Telephone	414	236	1,262	1,912	3,237
Travel	440	97	516	1,053	1,873
United Way Worldwide dues	1,535	875	4,675	7,085	11,989
Total Functional Expenses	\$ 57,768	\$ 26,917	\$ 149,949	\$ 234,634	\$ 1,359,174

See accompanying notes to financial statements.

United Way of Adams County, Inc.
Statement of Functional Expenses
Year Ended June 30, 2016

	Program Services						
	Resource Investment	Community Impact	Direct Services	Unmet Needs	Financial Stability	Other Programs	Total Program Services
Salaries	\$ 7,886	\$ 60,697	\$ 31,546	\$ 2,831	\$ 8,695	\$ 3,438	\$ 115,093
Payroll taxes	618	4,837	2,473	222	681	269	9,100
Employee benefits	1,375	4,655	5,501	494	1,516	599	14,140
Total Personnel Costs	\$ 9,879	\$ 70,189	\$ 39,520	\$ 3,547	\$ 10,892	\$ 4,306	\$ 138,333
Allocations - partner funding	693,388	-	-	-	-	-	693,388
Direct designations	18,864	-	-	-	-	-	18,864
Fiscal sponsor expenses	-	-	-	-	-	27,271	27,271
Conferences and meetings	353	1,655	1,412	127	389	154	4,090
Depreciation	414	1,402	1,656	149	457	180	4,258
Direct client assistance	-	4,390	-	28,551	-	-	32,941
Dues and subscriptions	61	365	244	22	67	27	786
Equipment rental and maintenance	671	2,272	2,685	241	740	293	6,902
Special event expenses	226	9,154	902	81	249	98	10,710
Insurance	182	612	723	66	200	79	1,862
Investment fees	142	707	569	51	157	62	1,688
Miscellaneous	17	57	68	31	19	7	199
Occupancy	1,609	5,969	6,434	578	1,773	701	17,064
Printing and publications	127	1,473	508	109	140	55	2,412
Postage and shipping	81	198	281	59	94	25	738
Professional fees	164	554	655	59	181	71	1,684
Program and initiative expenses	-	98,380	-	-	84,230	-	182,610
Supplies	510	483	546	49	157	60	1,805
Technology	80	272	322	29	89	35	827
Telephone	126	427	505	45	139	55	1,297
Travel	94	319	544	34	104	41	1,136
United Way Worldwide dues	487	1,649	1,949	175	537	212	5,009
Total Functional Expenses	\$ 727,475	\$ 200,527	\$ 59,523	\$ 34,003	\$ 100,614	\$ 33,732	\$ 1,155,874

See accompanying notes to financial statements.

United Way of Adams County, Inc.
Statement of Functional Expenses (Concluded)
Year Ended June 30, 2016

	Supporting Activities				Total Functional Expenses
	Resource Development	Communications	Management & General	Total Supporting Activities	
Salaries	\$ 26,895	\$ 11,729	\$ 87,718	\$ 126,342	\$ 241,435
Payroll taxes	2,108	920	6,468	9,496	18,596
Employee benefits	4,690	2,046	14,387	21,123	35,263
	<u>\$ 33,693</u>	<u>\$ 14,695</u>	<u>\$ 108,573</u>	<u>\$ 156,961</u>	<u>\$ 295,294</u>
Allocations - partner funding	-	-	-	-	693,388
Direct designations	-	-	-	-	18,864
Fiscal sponsor expenses	-	-	-	-	27,271
Conferences and meetings	1,483	525	3,693	5,701	9,791
Depreciation	1,412	616	4,333	6,361	10,619
Direct client assistance	-	-	-	-	32,941
Dues and subscriptions	828	91	637	1,556	2,342
Equipment rental and maintenance	2,469	998	7,202	10,669	17,571
Special event expenses	978	336	2,360	3,674	14,384
Insurance	617	269	1,894	2,780	4,642
Investment fees	485	212	1,488	2,185	3,873
Miscellaneous	118	25	1,450	1,593	1,792
Occupancy	5,485	2,392	18,109	25,986	43,050
Printing and publications	2,275	189	1,329	3,793	6,205
Postage and shipping	303	83	919	1,305	2,043
Professional fees	559	244	1,713	2,516	4,200
Program and initiative expenses	-	-	-	-	182,610
Supplies	1,753	203	1,510	3,466	5,271
Technology	274	120	1,061	1,455	2,282
Telephone	430	188	1,321	1,939	3,236
Travel	699	140	987	1,826	2,962
United Way Worldwide dues	1,661	724	5,097	7,482	12,491
Total Functional Expenses	<u><u>\$ 55,522</u></u>	<u><u>\$ 22,050</u></u>	<u><u>\$ 163,676</u></u>	<u><u>\$ 241,248</u></u>	<u><u>\$ 1,397,122</u></u>

See accompanying notes to financial statements.

1. Summary of Significant Accounting Policies

A. Nature of Business

The United Way of Adams County, Inc. (UWAC) (the Organization) is a non-profit organization which receives support from the public and allocates the support received to various nonprofit organizations in Adams County, Illinois. The mission of the United Way of Adams County, Inc. is to be an effective catalyst for bringing together the citizens of Adams County, Illinois in a productive, community-wide effort to plan, support, deliver and monitor human service programs that are sensitive to the changing social needs of all people in the community.

B. Financial Statement Presentation

The Organization has chosen to maintain its accounting records on the accrual basis. Accordingly, revenue is recognized when earned or when it otherwise becomes available and expenditures are recognized when incurred.

Under requirements of the Financial Accounting Standards Board, 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. In addition, the Organization is required to present a statement of cash flows.

Temporarily restricted net assets include gifts for which a donor-imposed restriction has not been met and promises to give for which the ultimate purposes of the proceeds are not permanently restricted. The entire gift, the principal amount given, can be spent in accordance with the donor's restriction.

Permanently restricted net assets include gifts, trusts and pledges which require, by donor restriction, that the corpus or the principal be invested in perpetuity and only the income be made available for program operations in accordance with donor restrictions.

C. Campaign Pledges Receivable

Unconditional pledges receivable are recognized as support in the period the pledges are received. Conditional promises to give are recognized as support when the conditions on which they depend have been substantially met.

Pledges receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance. The valuation allowance is computed based upon a percentage agreed upon by the Board of Directors based on historical experience. Those balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to pledges receivable.

D. Cash and Cash Equivalents

For purposes of the statements of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

E. Investments

Investments are reported at fair value, which is based on quoted market prices, with the exception of certificates of deposit which are carried at cost, which approximates fair value. Gains and losses on sales of investments are generally determined on a specific cost identification basis. Unrealized gains and losses are determined based on year-end market valuations.

1. Summary of Significant Accounting Policies (Continued)**F. Capital Assets**

The Organization does not have a formal capitalization policy, however, its usual practice is to capitalize acquisitions of capital assets greater than \$500. These are recorded at cost for items purchased by the Organization. Capital assets donated to the Organization are recorded at the fair market value when received. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets. Office equipment is depreciated over a period of 5 to 10 years.

G. Description of Program Services and Supporting Activities

The following program services and supporting activities are included in the accompanying financial statements, in accordance with the Organization's Missions Statement:

Program Services

Resource Investment – Includes all activities related to allocation of United Way grants to fund partner programs. This includes maintenance and updates to the Andar community building system, volunteer recruiting and training, scheduling and coordinating site visits, resource investment team meetings, reviewing partner applications and grant requests, preparing reports, and providing technical assistance to grantees.

Community Impact – Includes the development of programs, partnerships and collaborations led by many community partners that seek to improve the quality of life in Adams County. Specifically, this involves administrative support and coordination of the Community Building Council, Education/Financial Stability/Health Leadership Delegations, specific impact initiatives and community solution teams. UWAC coordinates the production, development and promotion of the county-wide assessment that guides overall community impact efforts.

Direct Services – Includes projects that provide direct client support and referral services or ongoing leadership of a community/county based collaborative team. This includes the HelpLine, Emergency Food & Shelter, FamilyWize medication discount program, case coordination for the Herald Whig Good News of Christmas, client advocacy for the Tri-State Warrior Outreach, leadership of Adams County Voluntary Organizations Active in Disaster (VOAD) and Interagency Council. Community presentations and education on UWAC services are also included.

Unmet Needs – Includes administrative support and fiscal services for the Quincy Area Partnership for Unmet Needs, which is a collaborative effort involving the faith community and social service agencies. While the Partnership directs the use of funds, UWAC hosts and coordinates bi-monthly meetings, maintains casework records, processes income and expenses, maintains financial records, and coordinates client assistance as needed.

Financial Stability – Includes the oversight and implementation of the Volunteer Income Tax Assistance (VITA) program. This includes site certification with the Internal Revenue Service, recruitment and training of VITA volunteers, volunteer and client scheduling, tax preparation and tax filing and promotion/communication about program.

Other Program Services – Includes staff support of fiscal sponsor projects including Give Kids a Smile and Tri-State Warrior Outreach, as well as staff involvement in service clubs, community networking and organizational affiliations.

1. Summary of Significant Accounting Policies (Continued)**G. Description of Program Services and Supporting Activities (Concluded)****Supporting Activities**

Resource Development – Includes activities related to fundraising and volunteer management that support UWAC resource investment efforts as well as internal programs and services. This includes all aspects of the Annual Campaign (presentations, meetings, auditing packets, entering data, updating database, meetings with donors), grant writing, planning/involvement with non-campaign special events, planned giving, volunteer recruitment and training.

Communications – Includes creating newsletters/printed materials, donor recognition, website/social media, annual meeting, press conferences, media interviews, promotion of non-campaign special events, and coordination of the Promotions Committee.

Management and General – Includes the administrative activities that support the overall operation of the office and governance of the Organization. This includes staff meetings, cleaning, mail processing, clipping newspapers, board meetings and board committees, general errands, professional training/learning activities, strategic planning and accounting functions.

H. Public Support

The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit their use. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restriction.

I. Donated Services

The Organization receives donated services from a variety of unpaid volunteers assisting with the campaign and with other activities throughout the year. The Organization has not recognized any amounts in the accompanying statements of activities because the criteria for recognition of such volunteer effort under accounting standards has not been satisfied.

J. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

K. Functional Expenses

The Organization allocates its expenses on a functional basis among its various programs and support services. Expenses that can be identified with a specific program and/or support service are allocated directly according to their natural expenditure classification. Other expenses are allocated based as a function of staff time, which is tracked by functional areas on each staff member's timesheets.

L. Income Taxes

The United Way of Adams County, Inc. is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. IRS Form 990, *Return of Organization Exempt from Income Tax*, and Illinois Form AG990-IL, *Charitable Organization Supplement*, for the year ended June 30, 2017 and prior years have been filed. Income tax filings are subject to audit by various taxing authorities and are open for audit for 2014 to 2017.

1. Summary of Significant Accounting Policies (Concluded)**M. Fair Value**

The carrying amounts of accounts receivable, campaign pledges receivable, prepaid expenses, accounts payable, accrued expenses, and deferred revenue approximate fair value due to the short period of maturity.

N. Subsequent Events

Subsequent events have been evaluated through September 15, 2017, the date the financial statements were available to be issued.

2. Deposits

The Organization maintains several bank accounts at various financial institutions. As of June 30, 2017 and 2016, the carrying amount of those deposits was \$232,590 and \$388,910, respectively. At various times throughout the year, the Organization's cash deposits may exceed the federally insured limits.

3. Investments

The Organization carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the statement of financial position. Realized and unrealized gains and losses are included in the change in net assets in the accompanying statement of activities. Investments as of June 30, 2017 and 2016 consist of the following:

	2017		2016	
	Carrying Value	Market Value	Carrying Value	Market Value
Certificates of deposit	\$ 336,009	\$ 336,009	\$ 335,255	\$ 335,255
Mutual funds	557,118	557,118	493,016	493,016
Total	<u>\$ 893,127</u>	<u>\$ 893,127</u>	<u>\$ 828,271</u>	<u>\$ 828,271</u>

4. Fair Value Measurements

The Organization adopted accounting standards for fair value measurements. The standards define fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date.

The following are the major categories of assets measured at fair value on a recurring basis during the years ended June 30, 2017 and 2016 using quoted market prices in active markets for identical assets (Level 1); significant other observable inputs (Level 2); and significant unobservable inputs (Level 3).

	Assets at Fair Value as of June 30, 2017			
	Level 1	Level 2	Level 3	Total
Mutual funds	\$ 557,118	\$ -	\$ -	\$ 557,118
Beneficial interest in assets held by Community Foundation	-	-	19,356	19,356
Total Investments	<u>\$ 557,118</u>	<u>\$ -</u>	<u>\$ 19,356</u>	<u>\$ 576,474</u>

4. Fair Value Measurements (Concluded)

	Assets at Fair Value as of June 30, 2016			
	Level 1	Level 2	Level 3	Total
Mutual funds	\$ 493,016	\$ -	\$ -	\$ 493,016
Beneficial interest in assets held by Community Foundation	-	-	17,333	17,333
Total Investments	\$ 493,016	\$ -	\$ 17,333	\$ 510,349

The beneficial interest in assets held by the Community Foundation has been valued at the fair value of the Organization's share of the Foundation's investment pool as of the measurement date. The Foundation values securities and other financial instruments on a fair value basis of accounting. The beneficial interest in assets held by the Community Foundation is not redeemable by the Organization as described in Note 5. Financial instruments classified as Level 3 in the fair value hierarchy represent the Organization's investments in financial instruments in which management has used at least one significant unobservable input in the valuation model. The following table represents a reconciliation of the activities for Level 3 financial instruments:

Balance at July 1, 2015	\$ 15,619
Additional amounts invested in fund	2,502
Share of change in market value of fund	(286)
Distributions received	(502)
Balance at July 1, 2016	\$ 17,333
Additional amounts invested in fund	536
Share of change in market value of fund	2,023
Distributions received	(536)
Balance at June 30, 2017	\$ 19,356

5. Beneficial Interest in Assets Held by the Community Foundation

The United Way of Adams County, Inc. transferred assets to the Community Foundation of the Quincy Area (CFQA), establishing the United Way of Adams County, Inc. Fund. The Organization has granted the CFQA variance power which gives the CFQA's Board of Trustees the power to use the Fund for other purposes in certain circumstances. According to Financial Accounting Standards Board Codification 958-605-25-21, *Transfers of Assets to a Not-for-Profit Organization or Charitable Trust That Raises or Holds Contributions for Others*, when a not-for-profit transfers a portion of its own assets to a fund in a community foundation, the not-for-profit organization continues to report those assets as its own, with the activity for the year shown in the statements of activities. The Fund is subject to the CFQA's investment and spending policies and distributions are made to the Organization annually and shown in the statements of activities as investment income. Changes in the value of the Fund are reported as gains or losses in the statements of activities.

As of June 30, 2017 and 2016, the CFQA, acting as an agent for the Organization, had invested funds in the United Way of Adams County, Inc. Fund totaling \$19,356 and \$17,333, respectively. These are shown on the statements of financial position. The increase in value of \$2,023 in the year ended June 30, 2017, and the decrease in value of \$286 for the year ended June 30, 2016, are shown in the statements of activities.

6. Capital Assets

Following is a summary of capital assets at June 30, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Office equipment	\$ 90,339	\$ 89,285
Improvements	7,502	7,502
	<u>\$ 97,841</u>	<u>\$ 96,787</u>
Accumulated depreciation	(83,318)	(76,207)
Net capital assets	<u>\$ 14,523</u>	<u>\$ 20,580</u>

Depreciation expense for the years ended June 30, 2017 and 2016 was \$7,111 and \$10,619, respectively.

7. Pledges Receivable

The Organization has set its allowance for uncollectible pledges at \$31,000 and \$32,100 related to pledges receivable made to the United Way of Adams County, Inc. at June 30, 2017 and 2016, respectively. All pledges receivable at June 30, 2017 and 2016 were due in less than one year.

8. Pension Plan

The Organization participates in a Simplified Employee Pension Plan (SEPP) which is a defined contribution pension plan. Regular full-time employees and part-time employees may become a participant in the pension plan on the first day of the month following on which the employee completes one year of eligible service and attains age 21. The Organization contributes to the SEPP at a rate determined by the Board of Directors. The rate was 8% for the years ended June 30, 2017 and 2016. The amount of pension expense was \$19,102 for the year ended June 30, 2017 and \$15,672 for the year ended June 30, 2016.

9. Operating Lease

The Organization has a lease agreement for office space with First Bankers Trust Company, dated February 29, 2016, extending the lease to April 30, 2019, for the sum of \$97,200 payable in thirty-six equal monthly installments of \$2,700. The lease is classified as an operating lease.

A summary of the future minimum rental payments are as follows:

<u>Year Ended June 30,</u>	
2018	\$ 32,400
2019	27,000
	<u>\$ 59,400</u>

10. Board-Designated Net Assets

The Board of Directors has designated unrestricted net assets for the following purposes:

	<u>2017</u>	<u>2016</u>
Designated for reserve	\$ 601,157	\$ 607,504
Financial stability	36,647	41,915
Education initiative	12,033	5,178
Health initiative	20,906	24,190
Total Board-Designated Net Assets	<u>\$ 670,743</u>	<u>\$ 678,787</u>

11. Temporarily Restricted Net Assets

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. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

A summary of temporarily restricted net assets follows:

	<u>2017</u>	<u>2016</u>
Institute for Excellence	\$ 12,554	\$ 12,554
Unmet needs	18,628	16,436
Community building council	56,749	56,749
Warrior Outreach	9,297	9,310
Give Kids a Smile	6,217	6,223
Heroes at Heartland	1,925	-
Health initiative	-	767
Volunteer portal	12,000	-
Total Temporarily Restricted Net Assets	<u><u>\$ 117,370</u></u>	<u><u>\$ 102,039</u></u>

12. Permanently Restricted Net Assets

Permanently restricted net assets consist of an endowment with the Community Foundation in the amount of \$19,356 for the year ended June 30, 2017. The permanently restricted net assets at June 30, 2016, were \$17,333.

13. Prior Period Adjustment

During the year ended June 30, 2017, it was discovered that the Organization was granted variance power for funds received on behalf of the fiscal sponsor agencies. Therefore, the contributions received and disbursements made for these agencies are more correctly reported in the statements of activities of the Organization and any remaining balances should be shown as temporarily restricted net assets. These had been treated as agency liabilities in the past. This change was made in the financial statements for the year ended June 30, 2016, and the agency liability balance at June 30, 2015, of \$23,783 is shown as a prior period adjustment in the 2016 fiscal year statement of activities. The effect of this change to the statement of activities for the year ended June 30, 2016, is as follows:

Fiscal sponsor contributions	\$ 19,021
Fiscal sponsor expenses	<u>(27,271)</u>
Net effect on temporarily restricted net assets for the year ended June 30, 2016	<u><u>\$ (8,250)</u></u>

Supplementary Information

United Way of Adams County, Inc.

Schedules of Partner Funding
Years Ended June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Children Ready to Succeed		
Cheerful Home - Sliding Fee Scale Child Care	\$ 60,000	\$ 49,700
Transitions - Parents as Teachers	47,465	42,400
Total Children Ready to Succeed	<u>\$ 107,465</u>	<u>\$ 92,100</u>
Youth on Track		
Advocacy Network for Children - CASA	\$ 15,000	\$ 25,000
Bella Ease - Quincy TeenREACH	40,705	-
Big Brothers Big Sisters - One-to-One Mentoring Program	20,000	28,300
Boy Scouts - STEM Career Exploration	33,000	27,000
Cheerful Home - Outreach Family Support Program	20,000	15,000
Cornerstone - Comprehensive Youth Services	40,000	33,100
Girl Scouts - Girl Scout Leadership Experience	15,000	15,000
Madonna House - Everyday Life Skills (ELS)	5,000	2,000
Panther Pride - Adams County Academic Success Initiative	15,000	10,000
YMCA - School Age Child Care Program	18,000	22,000
Total Youth on Track	<u>\$ 221,705</u>	<u>\$ 177,400</u>
Families Living Well		
Addicts Victorious - Victory Biblical Counseling Program	\$ 11,000	\$ 14,000
Cornerstone - Counseling Sliding Scale	24,248	32,000
Madonna House - Transitional Shelter Program	8,000	55,000
Quanada - Domestic Violence Program	29,500	29,500
Quincy Catholic Charities - MedAssist Program	13,250	18,500
Quincy Catholic Charities - Professional Counseling Solutions	15,650	20,000
RSVP - Medical Transportation Program	4,500	3,500
Transitions - Client & Family Support	12,583	14,262
YWCA - Supportive Housing Program	53,000	58,000
Total Families Living Well	<u>\$ 171,731</u>	<u>\$ 244,762</u>
Safety Net & Crisis Services		
Community for Christ - Families in Need	\$ 11,000	\$ 12,000
Madonna House - Emergency Services and Prevention	46,100	10,000
Quanada - Sexual Assault Program	10,500	10,500
Red Cross - Blood Services	16,000	16,800
Red Cross - Disaster Services	28,116	26,800
Red Cross - Service to Armed Forces	5,000	5,000
RSVP - Shoe Fund	3,228	5,526
RSVP - Volunteer Recruitment and Placement Program	7,000	8,000
Salvation Army - Family Service Program	59,375	65,000
Transitions - Mental Health Crisis Stabilization	18,000	18,000
Tri-State Audio - Radio Information Service Program	1,500	1,500
Total Safety Net & Crisis Services	<u>\$ 205,819</u>	<u>\$ 179,126</u>
Total Partner Funding	<u><u>\$ 706,720</u></u>	<u><u>\$ 693,388</u></u>

See accompanying notes to financial statements.