

United Way of Adams County, Inc.

Financial Statements

Years Ended June 30, 2019 and 2018

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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, 2019 and 2018, 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, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Independent Auditor's Report (Concluded)

Emphasis of Matter

As discussed in Note 12 to the financial statements, for the fiscal year ended June 30, 2019, the Organization adopted Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. Our opinion is not modified with respect to this matter.

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 17 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

October 16, 2019
Quincy, Illinois

United Way of Adams County, Inc.
Statements of Financial Position
June 30, 2019 and 2018

	2019	2018
Assets		
Current Assets:		
Cash	\$ 288,600	\$ 431,412
Cash - fiscal agent	30,292	11,425
Certificates of deposit	169,608	221,659
Investments	528,511	498,031
Pledges receivable, net	198,544	243,484
Miscellaneous receivables	17,312	14,070
Prepaid expenses	9,201	7,827
Total Current Assets	\$ 1,242,068	\$ 1,427,908
Capital assets, net	17,362	12,147
Beneficial interest in assets held by the Community Foundation	21,156	20,441
Total Assets	\$ 1,280,586	\$ 1,460,496
 Liabilities and Net Assets		
Current Liabilities:		
Accounts payable	\$ 2,708	\$ 10,225
Accrued payroll	6,143	-
Accrued vacation payable	7,237	5,644
Designations payable	28,077	28,061
Deferred grant revenue	-	90,275
Total Current Liabilities	\$ 44,165	\$ 134,205
 Net Assets		
Without Donor Restrictions:		
Designated for allocations and initiatives	\$ 558,166	\$ 572,332
Undesignated	544,467	647,535
With Donor Restrictions	133,788	106,424
Total Net Assets	\$ 1,236,421	\$ 1,326,291
Total Liabilities and Net Assets	\$ 1,280,586	\$ 1,460,496

See accompanying notes to financial statements.

United Way of Adams County, Inc.

Statements of Activities

Years Ended June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Changes In Net Assets Without Donor Restrictions:		
Support		
Campaign contributions, net	\$ 1,003,282	\$ 979,885
Contributions and grants - other	59,006	73,804
Inkind donations	20,516	-
Special event income	3,425	1,212
Miscellaneous income	2,014	12,615
Interest and dividends	34,520	34,657
Realized and unrealized gain (loss)	3,474	13,413
Total Unrestricted Support	<u>\$ 1,126,237</u>	<u>\$ 1,115,586</u>
Net Assets Released from Restrictions	<u>247,883</u>	<u>168,869</u>
Total Unrestricted Support and Reclassifications	<u>\$ 1,374,120</u>	<u>\$ 1,284,455</u>
Expenses		
Program Services		
Community impact	\$ 938,478	\$ 809,201
Direct program & services	108,948	120,801
Community affinity groups	103,923	63,173
Total Program Services	<u>\$ 1,151,349</u>	<u>\$ 993,175</u>
Supporting Activities:		
Resource development	\$ 165,537	\$ 133,009
Management and general	174,468	189,041
Total Supporting Activities	<u>\$ 340,005</u>	<u>\$ 322,050</u>
Total Expenses	<u>\$ 1,491,354</u>	<u>\$ 1,315,225</u>
Change In Net Assets Without Donor Restrictions	<u>\$ (117,234)</u>	<u>\$ (30,770)</u>
Changes In Net Assets With Donor Restrictions:		
Contributions and grants - other	\$ 274,532	\$ 137,482
Restrictions expired and expended	(247,883)	(168,869)
Change in beneficial interest	715	1,085
Change In Net Assets With Donor Restrictions	<u>\$ 27,364</u>	<u>\$ (30,302)</u>
Total Change In Net Assets	<u>\$ (89,870)</u>	<u>\$ (61,072)</u>
Net Assets at Beginning of Year	<u>1,326,291</u>	<u>1,387,363</u>
Net Assets at End of Year	<u><u>\$ 1,236,421</u></u>	<u><u>\$ 1,326,291</u></u>

See accompanying notes to financial statements.

United Way of Adams County, Inc.

Statements of Cash Flow

Years Ended June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Cash Flows From Operating Activities:		
Increase (Decrease) in net assets	\$ (89,870)	\$ (61,072)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	4,589	5,394
Realized and unrealized gains on investments	(3,474)	(13,413)
(Increase) Decrease in:		
Pledges receivable	44,940	18,982
Miscellaneous receivable	(3,242)	(10,078)
Prepaid expenses	(1,374)	(939)
Beneficial interest in assets held by the Community Foundation	(715)	(1,085)
Increase (Decrease) in:		
Accounts payable	(7,517)	9,827
Payroll liabilities	6,143	(2,062)
Accrued vacation payable	1,593	3,611
Contribution payable	-	(2,000)
Deferred revenue	(90,275)	80,275
Designations payable	16	(1,025)
Net Cash Provided (Used) by Operating Activities	<u>\$ (139,186)</u>	<u>\$ 26,415</u>
Cash Flows from Investing Activities:		
(Increase) decrease in certificates of deposit	\$ 52,051	\$ 114,350
Proceeds from sale of investments	-	100,000
Purchase of investments	(27,006)	(27,500)
Purchase of capital assets	(9,804)	(3,018)
Net Cash Provided (Used) by Investing Activities	<u>\$ 15,241</u>	<u>\$ 183,832</u>
Net Increase (Decrease) in Cash	\$ (123,945)	\$ 210,247
Cash, Beginning of Year	<u>442,837</u>	<u>232,590</u>
Cash, End of Year	<u><u>\$ 318,892</u></u>	<u><u>\$ 442,837</u></u>

United Way of Adams County, Inc.

Statement of Functional Expenses

Year Ended June 30, 2019

	<u>Community Impact</u>	<u>Direct Program & Services</u>	<u>Community Affinity Groups</u>	<u>Total Program Services</u>
Salaries	\$ 51,287	\$ 58,136	\$ 6,265	\$ 115,688
Payroll taxes	4,182	4,740	511	9,433
Employee benefits	7,818	8,862	955	17,635
Total Personnel Costs	<u>\$ 63,287</u>	<u>\$ 71,738</u>	<u>\$ 7,731</u>	<u>\$ 142,756</u>
Allocations - partner funding	597,771	-	-	597,771
Direct designations	30,276	-	-	30,276
Fiscal sponsor expenses	-	-	69,756	69,756
Advertising and promotion	168	191	21	380
Volunteer recognition	21	24	3	48
Conferences and meetings	3,141	2,222	261	5,624
Depreciation	698	1,201	85	1,984
Direct client assistance	-	-	21,370	21,370
Dues and subscriptions	4,319	978	99	5,396
Equipment rental and maintenance	457	518	56	1,031
Special event expenses	1,047	823	89	1,959
Inkind expenses	18,068	-	2,448	20,516
Insurance	707	802	87	1,596
Investment fees	619	702	76	1,397
Miscellaneous	1,458	-	-	1,458
Occupancy	5,411	6,134	661	12,206
Printing and publications	1,117	152	16	1,285
Postage and shipping	34	91	29	154
Professional fees	1,007	1,141	123	2,271
Program and initiative expenses	199,770	13,034	-	212,804
Supplies	1,379	1,545	166	3,090
Technology	1,799	2,039	220	4,058
Telephone	613	695	75	1,383
Travel	1,858	1,004	130	2,992
Utilities, trash and cleaning	1,763	1,998	215	3,976
United Way Worldwide dues	1,690	1,916	206	3,812
Total Functional Expenses	<u><u>\$ 938,478</u></u>	<u><u>\$ 108,948</u></u>	<u><u>\$ 103,923</u></u>	<u><u>\$ 1,151,349</u></u>

United Way of Adams County, Inc.
Statement of Functional Expenses (Concluded)
Year Ended June 30, 2019

	Supporting Activities			Total Functional Expenses
	Resource Development	Management & General	Total Supporting Activities	
Salaries	\$ 85,745	\$ 105,646	\$ 191,391	\$ 307,079
Payroll taxes	6,991	8,614	15,605	25,038
Employee benefits	13,072	16,105	29,177	46,812
Total Personnel Costs	\$ 105,808	\$ 130,365	\$ 236,173	\$ 378,929
Allocations - partner funding	-	-	-	597,771
Direct designations	-	-	-	30,276
Fiscal sponsor expenses	-	-	-	69,756
Advertising and promotion	7,903	460	8,363	8,743
Volunteer recognition	276	44	320	368
Conferences and meetings	7,719	4,314	12,033	17,657
Depreciation	1,167	1,438	2,605	4,589
Direct client assistance	-	-	-	21,370
Dues and subscriptions	1,369	1,686	3,055	8,451
Equipment rental and maintenance	764	942	1,706	2,737
Special event expenses	4,423	1,495	5,918	7,877
Inkind expenses	-	-	-	20,516
Insurance	1,181	1,456	2,637	4,233
Investment fees	1,035	1,276	2,311	3,708
Miscellaneous	3,616	5	3,621	5,079
Occupancy	9,047	11,147	20,194	32,400
Printing and publications	4,375	277	4,652	5,937
Postage and shipping	1,996	313	2,309	2,463
Professional fees	1,683	2,072	3,755	6,026
Program and initiative expenses	-	-	-	212,804
Supplies	2,436	3,965	6,401	9,491
Technology	3,008	3,706	6,714	10,772
Telephone	1,025	1,263	2,288	3,671
Travel	933	1,131	2,064	5,056
Utilities, trash and cleaning	2,947	3,631	6,578	10,554
United Way Worldwide dues	2,826	3,482	6,308	10,120
Total Functional Expenses	\$ 165,537	\$ 174,468	\$ 340,005	\$ 1,491,354

United Way of Adams County, Inc.

Statement of Functional Expenses

Year Ended June 30, 2018

	Community Impact	Direct Program & Services	Community Affinity Groups	Total Program Services
Salaries	\$ 37,411	\$ 56,853	\$ 10,279	\$ 104,543
Payroll taxes	2,845	4,358	788	7,991
Employee benefits	4,863	7,390	1,335	13,588
Total Personnel Costs	\$ 45,119	\$ 68,601	\$ 12,402	\$ 126,122
Allocations - partner funding	583,654	-	-	583,654
Direct designations	21,748	-	-	21,748
Fiscal sponsor expenses	-	-	26,231	26,231
Advertising and promotion	775	-	-	775
Conferences and meetings	983	943	107	2,033
Depreciation	1,317	943	171	2,431
Direct client assistance	-	-	20,916	20,916
Dues and subscriptions	577	613	75	1,265
Equipment rental and maintenance	3,314	2,421	429	6,164
Special event expenses	1,523	73	10	1,606
Insurance	1,001	838	152	1,991
Investment fees	388	-	-	388
Miscellaneous	3,285	1,685	-	4,970
Occupancy	10,596	7,731	1,372	19,699
Printing and publications	-	-	-	-
Postage and shipping	614	477	82	1,173
Professional fees	1,569	1,219	203	2,991
Program and initiative expenses	125,497	29,566	98	155,161
Supplies	992	708	109	1,809
Technology	1,118	801	145	2,064
Telephone	739	529	96	1,364
Travel	1,531	1,604	204	3,339
United Way Worldwide dues	2,861	2,049	371	5,281
Total Functional Expenses	\$ 809,201	\$ 120,801	\$ 63,173	\$ 993,175

United Way of Adams County, Inc.
Statement of Functional Expenses (Concluded)
Year Ended June 30, 2018

	Supporting Activities			Total Functional Expenses
	Resource Development	Management & General	Total Supporting Activities	
Salaries	\$ 71,182	\$ 107,424	\$ 178,606	\$ 294,294
Payroll taxes	5,478	8,234	13,712	23,145
Employee benefits	9,251	13,963	23,214	40,849
Total Personnel Costs	<u>\$ 85,911</u>	<u>\$ 129,621</u>	<u>\$ 215,532</u>	<u>\$ 358,288</u>
Allocations - partner funding	-	-	-	597,771
Direct designations	-	-	-	30,276
Fiscal sponsor expenses	-	-	-	69,756
Advertising and promotion	7,334	1,310	8,644	9,024
Conferences and meetings	3,839	7,232	11,071	16,695
Depreciation	1,181	1,782	2,963	4,947
Direct client assistance	682	1,031	1,713	23,083
Dues and subscriptions	617	1,417	2,034	7,430
Equipment rental and maintenance	2,972	4,485	7,457	8,488
Special event expenses	4,564	110	4,674	6,633
Insurance	1,048	1,582	2,630	4,226
Investment fees	-	4,132	4,132	5,529
Miscellaneous	985	2,508	3,493	4,951
Occupancy	9,503	14,341	23,844	36,050
Printing and publications	2,877	-	2,877	4,162
Postage and shipping	412	1,030	1,442	1,596
Professional fees	1,558	4,693	6,251	8,522
Program and initiative expenses	-	-	-	212,804
Supplies	3,378	2,486	5,864	8,954
Technology	1,093	1,541	2,634	6,692
Telephone	662	999	1,661	3,044
Travel	1,827	4,869	6,696	9,688
United Way Worldwide dues	2,566	3,872	6,438	10,250
Total Functional Expenses	<u><u>\$ 133,009</u></u>	<u><u>\$ 189,041</u></u>	<u><u>\$ 322,050</u></u>	<u><u>\$ 1,448,859</u></u>

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 inspire, unite and empower the people of Adams County to reach their full, human potential.

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 two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. In addition, the Organization is required to present a statement of cash flows.

Net assets with donor restrictions 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 restricted by the donor. The entire gift, the principal amount given, can be spent in accordance with the donor's restriction. It also includes 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. During this fiscal year, the allowance for outstanding balances was increased to \$35,425 from \$31,000, 3.25% of the 2018 campaign pledges. Additionally, due to procedural changes, there was a one-time additional write-off of \$24,551.

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 \$1,000. 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 Mission Statement:

Program Services

Community Impact – Includes all activities related to UWAC grants to partner agency programs and the development of programs, partnerships and collaborations led by many community partners that seek to improve the quality of life in Adams County. The partner agency grant allocation process includes 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 administrative support and coordination of the Community Building Council, Education/Financial Stability/Health Strategic Initiatives, community solution teams and new program/project incubator, as well as staff involvement in service clubs, community networking and organizational affiliations. Additionally, UWAC coordinates the production, development and promotion of the county-wide assessment that guides overall community impact efforts.

Direct Programs and Services – Includes projects that provide direct client support and referral services, or ongoing leadership of a community/county based collaborative team. The oversight and implementation of the Volunteer Income Tax Assistance (VITA) program includes site certification with the Internal Revenue Service, recruitment and training of VITA volunteers, volunteer and client scheduling, tax preparation and tax filing and promotions and communications about the program. Other services include the HelpLine, Emergency Food & Shelter, FamilyWize medication discount program, case coordination for the Herald Whig Good News of Christmas, leadership of Adams County Voluntary Organizations Active in Disaster (VOAD) and Interagency Council, community presentations and education on UWAC services.

Community Affinity Groups – Includes staff and administrative support and accounting services for fiscal sponsorship projects including the Quincy Area Partnership for Unmet Needs, Give Kids a Smile, Tri-State Warrior Outreach, and KidzPacks Weekend Food Program. The Quincy Area Partnership for Unmet Needs 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. Tri-State Warrior Outreach provides assistance to veterans in need, with UWAC's casework administration and client support. The other fiscal sponsorships receive accounting and financial service support from UWAC.

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, donor recognition, media), grant writing, planning/involvement with non-campaign special events, planned giving, website/social media, coordination of the Promotions Committee, volunteer recruitment and training.

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

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, net assets with donor restrictions are reclassified to net assets without donor restrictions 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 Statement of Activities because the criteria for recognition of such volunteer effort under accounting standards has not been satisfied. The Organization also receives donated marketing services and other promotional services and the value of these donated services are shown in the Statement of Activities and the Statement of Functional Expenses. The majority of these services represent the advertising time and production costs donated by local television, radio, and advertising agencies valued according to their standard rates charged to paying advertisers.

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. Liquidity and Availability Management

The Organization has \$674,064 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditure consisting of cash of \$288,600, investments of \$169,608 and pledges and other receivables of \$215,856. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the statement of financial position date. The Organization has a policy structuring its financial assets to be available as general expenditures, liabilities, and other obligations become due. This policy states that the Organization should have at least six months of expense in reserve. Should an unforeseen liability need arise, the Organization could also draw upon its other investments.

1. Summary of Significant Accounting Policies (Concluded)**M. 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, 2019 and prior years have been filed. Income tax filings are subject to audit by various taxing authorities and are open for audit for 2017 to 2019.

N. 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.

O. Subsequent Events

Subsequent events have been evaluated through October 16, 2019, 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, 2019, and 2018, the bank balance of those deposits was \$509,082 and \$662,140, 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, 2019 and 2018 consist of the following:

	2019		2018	
	Carrying Value	Market Value	Carrying Value	Market Value
Certificates of deposit	\$ 169,608	\$ 169,608	\$ 221,659	\$ 221,659
Mutual funds	528,511	528,511	498,031	498,031
Total	<u>\$ 698,119</u>	<u>\$ 698,119</u>	<u>\$ 719,690</u>	<u>\$ 719,690</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.

4. Fair Value Measurements (Concluded)

The following are the major categories of assets measured at fair value on a recurring basis during the years ended June 30, 2019 and 2018 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, 2019			
	Level 1	Level 2	Level 3	Total
Mutual funds	\$ 528,511	\$ -	\$ -	\$ 528,511
Beneficial interest in assets held by Community Foundation	-	-	21,156	21,156
Total Investments	\$ 528,511	\$ -	\$ 21,156	\$ 549,667

	Assets at Fair Value as of June 30, 2018			
	Level 1	Level 2	Level 3	Total
Mutual funds	\$ 498,031	\$ -	\$ -	\$ 498,031
Beneficial interest in assets held by Community Foundation	-	-	20,441	20,441
Total Investments	\$ 498,031	\$ -	\$ 20,441	\$ 518,472

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, 2017	\$ 19,356
Additional amounts invested in fund	185
Share of change in market value of fund	1,485
Distributions received	(585)
Balance at July 1, 2018	\$ 20,441
Additional amounts invested in fund	649
Share of change in market value of fund	715
Distributions received	(649)
Balance at June 30, 2019	<u>\$ 21,156</u>

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, 2019, and 2018, the CFQA, acting as an agent for the Organization, had invested funds in the United Way of Adams County, Inc. Fund totaling \$21,156 and \$20,441, respectively. These are shown on the Statements of Financial Position with net assets with donor restrictions. The increase in value of \$715 in the year ended June 30, 2019, and the increase in value of \$1,085 for the year ended June 30, 2018, are shown in the Statements of Activities.

6. Capital Assets

Following is a summary of capital assets at June 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Office equipment	\$ 64,177	\$ 54,373
Improvements	7,502	7,502
	<u>\$ 71,679</u>	<u>\$ 61,875</u>
Accumulated depreciation	<u>(54,317)</u>	<u>(49,728)</u>
Net capital assets	<u>\$ 17,362</u>	<u>\$ 12,147</u>

Depreciation expense for the years ended June 30, 2019 and 2018 was \$4,589 and \$5,394, respectively.

7. Pledges Receivable

The Organization has set its allowance for uncollectible pledges at \$35,425 and \$31,000 related to pledges receivable made to the United Way of Adams County, Inc. at June 30, 2019 and 2018, respectively. All pledges receivable at June 30, 2019 and 2018, 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 7% for the year ended June 30, 2019 and 8% through April 1, 2018 and then 7% for the remainder of the year ended June 30, 2018. The amount of pension expense was \$19,892 for the year ended June 30, 2019 and \$13,873 for the year ended June 30, 2018.

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 term expired and is now a month-to-month leasing arrangement until a new lease agreement can be negotiated.

10. Board-Designated Net Assets

The Board of Directors has designated net assets without donor restrictions for the following purposes:

	<u>2019</u>	<u>2018</u>
Designated for reserve	\$ 545,321	\$ 541,750
Financial stability	12,845	25,989
Education initiative	-	4,593
Total Board-Designated Net Assets	<u>\$ 558,166</u>	<u>\$ 572,332</u>

11. Net Assets with Donor Restrictions

Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

A summary of net assets with donor restrictions follows:

	<u>2019</u>	<u>2018</u>
Institute for Excellence	\$ 11,535	\$ 11,534
Unmet needs	23,466	18,458
Community building council	32,056	36,233
Warrior Outreach	12,160	5,312
Give Kids a Smile	4,704	4,577
Heroes at Heartland	-	319
Adams County Community Connect	550	550
Veterans Referral	2,041	-
Volunteer portal	9,270	9,000
Kidzpacks	8,850	-
Tri-State Conference	2,000	-
Campaign video	1,000	-
Shoe fund	5,000	-
Community Foundation	21,156	20,441
Total Net Assets with Donor Restrictions	<u>\$ 133,788</u>	<u>\$ 106,424</u>

12. Recent Accounting Pronouncements

During the fiscal year ended June 30, 2019, the Organization adopted ASU No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. This guidance is intended to improve the net asset classification requirement and the information presented in the financial statements and notes about a not-for-profit entity's liquidity, financial performance, and cash flows. Main provisions of this guidance include presentation of two classes of net assets versus the previously required three among other provisions. The guidance also enhances disclosures for board designated amounts, composition of net assets without donor restrictions, liquidity, and expenses by both their natural and functional classification.

As a result of the adoption of this guidance, the unrestricted and undesignated net assets shown at June 30, 2018, of \$647,535 and board designated net assets of \$572,332 are now shown as net assets without donor restrictions and the temporarily restricted net assets of \$85,983 and permanently restricted net assets of \$20,441 are now shown as net assets with donor restrictions. No other adjustments were necessary.

Supplementary Information

United Way of Adams County, Inc.

Schedules of Partner Funding

Years Ended June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Education		
Bella Ease - Quincy TeenREACH	\$ 48,000	\$ 47,768
Big Brothers Big Sisters - One-to-One Mentoring Program	20,000	20,000
Boy Scouts - Career Exploration	30,000	25,000
Cheerful Home - Outreach Family Support Program	20,000	14,918
Cheerful Home - Sliding Fee Scale Child Care	38,000	40,000
Girl Scouts - Girl Scout Leadership Experience	12,000	12,000
Madonna House - Everyday Life Skills (ELS)	-	2,086
Adams County Academic Success Initiative	5,000	19,251
RSVP - Shoe Fund	2,771	3,599
Transitions - Birth to Three	46,000	43,597
YMCA - School Age Child Care Program	26,000	17,467
Total Education	<u>\$ 247,771</u>	<u>\$ 245,686</u>
Financial Stability		
America Red Cross - Disaster Services	\$ 31,600	\$ 27,500
American Red Cross - Service to Armed Forces	5,750	4,500
Community for Christ - Families in Need	12,000	10,000
Madonna House - Emergency Services and Prevention	-	20,833
Quanada - Domestic Violence Program	25,750	25,750
Quanada - Sexual Assault Program	13,750	13,750
Salvation Army - Emergency Social Services	57,500	49,500
Transitions - Client & Family Support	12,650	8,000
YWCA - Supportive Housing Program	36,000	26,835
Total Financial Stability	<u>\$ 195,000</u>	<u>\$ 186,668</u>
Health		
Addicts Victorious - Victory Biblical Counseling Program	\$ 8,000	\$ 10,500
Advocacy Network for Children - CASA	20,000	20,000
American Red Cross - Blood Services	15,000	14,550
Catholic Charities - MedAssist	18,000	13,000
Catholic Charities - Professional Counseling Solutions	13,000	12,000
Cornerstone - Counseling Sliding Scale	19,300	19,300
Cornerstone - Comprehensive Youth Services	40,000	40,000
RSVP - Medical Transportation	5,000	5,000
RSVP - Volunteer Recruitment and Placement	-	3,750
Transitions - Mental Health Crisis Stabilization	15,200	12,000
Tri-State Audio - Radio Information Service Program	1,500	1,200
Total Health	<u>\$ 155,000</u>	<u>\$ 151,300</u>
Total Partner Funding	<u>\$ 597,771</u>	<u>\$ 583,654</u>