

**United Way of York County**  
**Financial Statements and**  
**Supplementary Information**  
**March 31, 2018 and 2017**



# United Way of York County

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March 31, 2018 and 2017

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## Independent Auditor's Report

To the Board of Directors  
United Way of York County  
York, Pennsylvania

### Report on the Financial Statements

We have audited the accompanying financial statements of United Way of York County, which comprise the statement of financial position as of March 31, 2018 and 2017, and the related statements of activities, changes in net assets, functional expenses - by natural classification, 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 York County as of March 31, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matter**

### *Supplementary Information*

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information, as listed in the table of contents, 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 audits 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.

RKL LLP

June 18, 2018  
York, Pennsylvania

# United Way of York County

## Statement of Financial Position

	March 31,	
	2018	2017
<b>Assets</b>		
<b>Current Assets</b>		
Cash	\$ 387,190	\$ 330,368
Campaign promises to give, net	3,438,822	3,411,685
Other receivables	32,883	4,821
Prepaid expenses	39,874	37,457
<b>Total Current Assets</b>	<b>3,898,769</b>	<b>3,784,331</b>
<b>Property and Equipment, Net</b>	<b>106,674</b>	<b>113,328</b>
<b>Other Assets</b>		
Investments	4,206,070	3,943,528
Interest in net assets of a community foundation	503,519	487,459
<b>Total Other Assets</b>	<b>4,709,589</b>	<b>4,430,987</b>
<b>Total Assets</b>	<b>\$ 8,715,032</b>	<b>\$ 8,328,646</b>

# United Way of York County

## Statement of Financial Position (continued)

	March 31,	
	2018	2017
<i>Liabilities and Net Assets</i>		
<b>Current Liabilities</b>		
Accounts and designations payable	\$ 1,971,041	\$ 1,835,526
Accrued payroll and payroll taxes	56,772	48,272
Allocations payable	620,716	606,517
Deferred revenue	32,396	22,369
Accrued expenses	3,839	5,947
<b>Total Liabilities</b>	<b>2,684,764</b>	<b>2,518,631</b>
<b>Net Assets</b>		
Unrestricted net assets		
Undesignated	1,147,855	1,175,674
Board designated	1,217,250	1,131,312
<b>Total Unrestricted</b>	<b>2,365,105</b>	<b>2,306,986</b>
Temporarily restricted	2,133,865	2,090,602
Permanently restricted	1,531,298	1,412,427
<b>Total Restricted</b>	<b>3,665,163</b>	<b>3,503,029</b>
<b>Total Net Assets</b>	<b>6,030,268</b>	<b>5,810,015</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 8,715,032</b>	<b>\$ 8,328,646</b>

# United Way of York County

## Statement of Activities

	Year Ended March 31, 2018			Totals
	Unrestricted	Temporarily Restricted	Permanently Restricted	
<b>Support and Revenue</b>				
Prior year campaign revenue (2017)	\$ 325,760	\$ -	\$ -	\$ 325,760
Donor designations	(9,855)	-	-	(9,855)
<b>Net Campaign Revenue (2017)</b>	<b>315,905</b>	<b>-</b>	<b>-</b>	<b>315,905</b>
Prior year campaign pledges	5,862,382	(5,862,382)	-	-
Less: provision for uncollectible pledges	(390,000)	390,000	-	-
Less: donor designations	(1,917,257)	1,917,257	-	-
<b>Net Assets Released from Restrictions</b>	<b>3,555,125</b>	<b>(3,555,125)</b>	<b>-</b>	<b>-</b>
Current year campaign results (2018)	-	5,828,778	-	5,828,778
Less: provision for uncollectible pledges	-	(390,000)	-	(390,000)
Less: donor designations	-	(1,886,088)	-	(1,886,088)
<b>Net Campaign Revenue (2018)</b>	<b>-</b>	<b>3,552,690</b>	<b>-</b>	<b>3,552,690</b>
<b>Total Campaign Revenue</b>	<b>3,871,030</b>	<b>(2,435)</b>	<b>-</b>	<b>3,868,595</b>
Grants	310,687	-	-	310,687
Contributions and bequests	38,891	104,100	-	142,991
Investment income	145,639	-	(17,807)	127,832
In-kind contributions	92,224	-	-	92,224
Service fees	78,419	-	-	78,419
Rental income	75,603	-	-	75,603
Gain on sale of investments	3,836	-	13,736	17,572
Miscellaneous income	2,422	-	-	2,422
Other net assets released from restrictions	58,402	(58,402)	-	-
<b>Total Support and Revenue</b>	<b>4,677,153</b>	<b>43,263</b>	<b>(4,071)</b>	<b>4,716,345</b>
<b>Expenses</b>				
Program services	3,753,007	-	-	3,753,007
Supporting services				
Organizational administration	385,160	-	-	385,160
Resource development	601,349	-	-	601,349
<b>Total Expenses</b>	<b>4,739,516</b>	<b>-</b>	<b>-</b>	<b>4,739,516</b>
<b>Excess (Deficiency) of Support and Revenue over (under) Expenses</b>	<b>(62,363)</b>	<b>43,263</b>	<b>(4,071)</b>	<b>(23,171)</b>
<b>Unrealized Holding Gains on Investments</b>	<b>104,422</b>	<b>-</b>	<b>122,942</b>	<b>227,364</b>
<b>Change in Interest in Net Assets of a Community Foundation</b>	<b>16,060</b>	<b>-</b>	<b>-</b>	<b>16,060</b>
<b>Changes in Net Assets</b>	<b>\$ 58,119</b>	<b>\$ 43,263</b>	<b>\$ 118,871</b>	<b>\$ 220,253</b>

**United Way of York County**

Statement of Activities (continued)

	Year Ended March 31, 2017			Totals
	Unrestricted	Temporarily Restricted	Permanently Restricted	
<b>Support and Revenue</b>				
Prior year campaign revenue (2016)	\$ 499,774	\$ -	\$ -	\$ 499,774
Donor designations	18,706	-	-	18,706
<b>Net Campaign Revenue (2016)</b>	<b>518,480</b>	<b>-</b>	<b>-</b>	<b>518,480</b>
Prior year campaign pledges	5,578,422	(5,578,422)	-	-
Less: provision for uncollectible pledges	(400,000)	400,000	-	-
Less: donor designations	(1,955,965)	1,955,965	-	-
<b>Net Assets Released from Restrictions</b>	<b>3,222,457</b>	<b>(3,222,457)</b>	<b>-</b>	<b>-</b>
Current year campaign results (2017)	-	5,862,382	-	5,862,382
Less: provision for uncollectible pledges	-	(390,000)	-	(390,000)
Less: donor designations	-	(1,917,257)	-	(1,917,257)
<b>Net Campaign Revenue (2017)</b>	<b>-</b>	<b>3,555,125</b>	<b>-</b>	<b>3,555,125</b>
<b>Total Campaign Revenue</b>	<b>3,740,937</b>	<b>332,668</b>	<b>-</b>	<b>4,073,605</b>
Grants	268,649	-	-	268,649
Contributions and bequests	312,587	86,025	-	398,612
Investment income	142,978	-	(18,970)	124,008
In-kind contributions	106,281	-	-	106,281
Service fees	71,506	-	-	71,506
Rental income	75,005	-	-	75,005
Gain on sale of investments	10,194	-	15,170	25,364
Miscellaneous income	2,649	-	-	2,649
Other net assets released from restrictions	82,965	(82,965)	-	-
<b>Total Support and Revenue</b>	<b>4,813,751</b>	<b>335,728</b>	<b>(3,800)</b>	<b>5,145,679</b>
<b>Expenses</b>				
Program services	3,507,163	-	-	3,507,163
Supporting services				
Organizational administration	302,818	-	-	302,818
Resource development	658,890	-	-	658,890
<b>Total Expenses</b>	<b>4,468,871</b>	<b>-</b>	<b>-</b>	<b>4,468,871</b>
<b>Excess (Deficiency) of Support and Revenue over (under) Expenses</b>	<b>344,880</b>	<b>335,728</b>	<b>(3,800)</b>	<b>676,808</b>
<b>Unrealized Holding Gains on Investments</b>	<b>85,645</b>	<b>-</b>	<b>110,789</b>	<b>196,434</b>
<b>Change in Interest in Net Assets of a Community Foundation</b>	<b>24,612</b>	<b>-</b>	<b>-</b>	<b>24,612</b>
<b>Changes in Net Assets</b>	<b>\$ 455,137</b>	<b>\$ 335,728</b>	<b>\$ 106,989</b>	<b>\$ 897,854</b>

See accompanying notes.

**United Way of York County**

## Statement of Changes in Net Assets

	Years Ended March 31, 2018 and 2017			Totals
	Unrestricted	Temporarily Restricted	Permanently Restricted	
<b>Net Assets at March 31, 2016</b>	\$ 1,851,849	\$ 1,754,874	\$ 1,305,438	\$ 4,912,161
Changes in net assets	455,137	335,728	106,989	897,854
<b>Net Assets at March 31, 2017</b>	2,306,986	2,090,602	1,412,427	5,810,015
Changes in net assets	58,119	43,263	118,871	220,253
<b>Net Assets at March 31, 2018</b>	<b>\$ 2,365,105</b>	<b>\$ 2,133,865</b>	<b>\$ 1,531,298</b>	<b>\$ 6,030,268</b>

# United Way of York County

## Statement of Functional Expenses - by Natural Classification

	Year Ended March 31, 2018			
	Program Services	Supporting Services		Totals
	Community Impact	Organizational Administration	Resource Development	
Allocation/awards	\$ 4,503,543	\$ -	\$ -	\$ 4,503,543
Spending policy distributions	30,630	-	-	30,630
Less: donor designations	(1,917,257)	-	-	(1,917,257)
	<b>2,616,916</b>	<b>-</b>	<b>-</b>	<b>2,616,916</b>
Salaries and wages	532,878	191,340	267,182	991,400
Employee benefits	104,353	37,470	52,323	194,146
Advertising	42,737	-	90,308	133,045
Payroll taxes	49,069	17,619	24,603	91,291
Quality enhancement	91,079	-	-	91,079
Dues and subscriptions	46,589	16,729	23,359	86,677
Scholarships and sponsorships	44,647	-	33,158	77,805
Computer	31,134	20,823	11,591	63,548
Professional services	4,331	50,710	2,171	57,212
Equipment repair and maintenance	27,853	10,001	13,965	51,819
Campaign and communications	20,139	9,719	14,668	44,526
Cash management fees	18,432	6,619	9,242	34,293
Youth court	28,515	-	-	28,515
Occupancy	13,895	4,990	6,967	25,852
Campaign incentives	-	-	25,087	25,087
Insurance	11,828	4,247	5,931	22,006
Supplies	8,603	3,089	4,313	16,005
Travel	10,959	2,032	2,838	15,829
Depreciation	7,467	2,682	3,744	13,893
School readiness	12,507	-	-	12,507
Conference and training	6,676	1,911	2,668	11,255
Truancy summit	7,977	-	-	7,977
Meeting expense	3,362	1,207	1,685	6,254
Postage	3,114	1,118	1,561	5,793
Equipment rental	2,899	1,041	1,454	5,394
Telephone	2,522	906	1,265	4,693
Miscellaneous expenses	2,459	883	1,233	4,575
Interest	67	24	33	124
	<b>\$ 3,753,007</b>	<b>\$ 385,160</b>	<b>\$ 601,349</b>	<b>\$ 4,739,516</b>

# United Way of York County

## Statement of Functional Expenses - by Natural Classification (continued)

	Year Ended March 31, 2017			
	Program Services	Supporting Services		Totals
	Community Impact	Organizational Administration	Resource Development	
Allocation/awards	\$ 4,429,931	\$ -	\$ -	\$ 4,429,931
Spending policy distributions	30,498	-	-	30,498
Less: donor designations	(1,955,965)	-	-	(1,955,965)
	2,504,464	-	-	2,504,464
Salaries and wages	434,834	152,561	281,404	868,799
Employee benefits	90,209	31,650	58,379	180,238
Advertising	54,604	-	90,415	145,019
Payroll taxes	38,361	13,459	24,825	76,645
Quality enhancement	101,660	-	-	101,660
Dues and subscriptions	40,811	14,319	26,411	81,541
Scholarships and sponsorships	31,955	-	51,010	82,965
Computer	20,168	16,268	7,540	43,976
Professional services	5,505	26,801	3,563	35,869
Equipment repair and maintenance	24,172	8,481	15,642	48,295
Campaign and communications	23,408	9,839	18,265	51,512
Cash management fees	17,034	5,977	11,024	34,035
Youth court	20,687	-	-	20,687
Occupancy	12,049	4,227	7,798	24,074
Campaign incentives	-	-	27,137	27,137
Insurance	11,163	3,917	7,224	22,304
Supplies	6,655	2,334	4,307	13,296
Travel	9,721	1,708	3,151	14,580
Depreciation	9,520	3,340	6,160	19,020
School readiness	22,763	-	-	22,763
Conference and training	10,332	1,939	3,577	15,848
Truancy summit	-	-	-	-
Meeting expense	3,922	1,377	2,538	7,837
Postage	5,921	2,078	3,832	11,831
Equipment rental	2,700	947	1,747	5,394
Telephone	2,173	763	1,406	4,342
Miscellaneous expenses	2,002	703	1,296	4,001
Interest	370	130	239	739
	<u>\$ 3,507,163</u>	<u>\$ 302,818</u>	<u>\$ 658,890</u>	<u>\$ 4,468,871</u>

# United Way of York County

## Statement of Cash Flows

	Years Ended March 31,	
	2018	2017
<b>Cash Flows from Operating Activities</b>		
Changes in net assets	\$ 220,253	\$ 897,854
Adjustments to reconcile changes in net assets to net cash provided by operating activities		
Depreciation	13,893	19,020
Provision for uncollectible campaign promises to give	(9,611)	7,433
Gain on sale of investments	(17,572)	(25,364)
Unrealized holding gains on investments	(227,364)	(196,434)
Change in interest in net assets of a community foundation	(16,060)	(24,612)
Proceeds from sale of donated securities	99,107	81,013
Increase in assets		
Campaign promises to give	(101,667)	(328,323)
Other receivables	(28,062)	(564)
Prepaid expenses	(2,417)	(6,659)
Increase (decrease) in liabilities		
Accounts and designations payable	135,515	(113,874)
Accrued payroll and payroll taxes	8,500	4,877
Allocations payable	14,199	10,333
Deferred revenue	10,027	22,369
Accrued expenses	(2,108)	(4,200)
<b>Net Cash Provided by Operating Activities</b>	<b>96,633</b>	<b>342,869</b>
<b>Cash Flows from Investing Activities</b>		
Capital expenditures	(7,239)	-
Purchase of investments	(137,825)	(433,122)
Proceeds from sale of investments	105,253	118,071
<b>Net Cash Used in Investing Activities</b>	<b>(39,811)</b>	<b>(315,051)</b>
<b>Net Increase in Cash</b>	<b>56,822</b>	<b>27,818</b>
<b>Cash at Beginning of Year</b>	<b>330,368</b>	<b>302,550</b>
<b>Cash at End of Year</b>	<b>\$ 387,190</b>	<b>\$ 330,368</b>

# United Way of York County

## Statement of Cash Flows (continued)

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	Years Ended March 31,	
	2018	2017
	<u>          </u>	<u>          </u>
<b>Supplementary Cash Flows Information</b>		
Interest paid	<u>\$          124</u>	<u>\$          739</u>

### Supplementary Schedule of Noncash Investing and Financing Activities

#### In 2018

Investments of \$84,141 were received as payments on campaign promises to give.

#### In 2017

Investments of \$95,979 were received as payments on campaign promises to give.

## **United Way of York County**

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### Notes to Financial Statements

March 31, 2018 and 2017

#### **Note 1 - Nature of Operations**

United Way of York County's (Organization) mission is to build a stronger, caring community by cultivating financial generosity, volunteerism, and advocacy.

The Organization administers an annual fundraising campaign in York County, Pennsylvania and uses those funds to support a variety of human service programs in York County.

#### **Note 2 - Summary of Significant Accounting Policies**

A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements follows:

##### **Use of Estimates**

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the disclosure of contingent assets and liabilities, if any, at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

##### **Campaign Promises to Give and Appropriations**

An annual fundraising campaign is conducted each fall to obtain donations and pledges to fund the subsequent year's operations. Accordingly, promises to give are recorded at year-end for outstanding campaign pledges, with an allowance for amounts estimated to be uncollectible. Substantially, all of the pledges receivable are from corporations and individuals. The Organization maintains reserves for potential uncollectible pledges, which in the aggregate have not exceeded management's expectations. After two years, uncollected campaign pledges are written off. Subsequent receipts relating to such amounts are recorded as prior year campaign revenue.

The provision for uncollectible pledges is computed based upon a historical average, adjusted by management's estimates of current economic factors applied to the gross campaign contributions, excluding donor designations.

Community care donations and pledges are recorded as temporarily restricted revenue in the current campaign year and released into unrestricted net assets as time restrictions are satisfied in the subsequent year. Donor designated pledges are accounted for as a liability, until dispensed to the designated agency. Those amounts are not accounted for as revenue by the Organization, but are reported as part of the campaign results, from which the amounts are then deducted to arrive at the campaign revenue. The Organization honors all requests by donors with regard to direct designations.

Donor designated pledges are assessed fundraising and processing fees, based on actual historical costs in accordance with United Way Worldwide's membership standards as outlined in its publication titled *Cost Deduction Standards for Membership Requirement M*.

**Note 2 - Summary of Significant Accounting Policies (continued)**

**Other Receivables**

Other receivables are stated at outstanding balances. The Organization considers these receivables to be fully collectible. If collection becomes doubtful, an allowance for doubtful accounts will be established, or the accounts will be charged to operations when that determination is made by management. Unpaid balances remaining after the stated payment terms are considered past due. Recoveries of previously charged off accounts are recorded when received.

**Property and Equipment**

Property and equipment are stated at cost, if purchased, or fair market value, if contributed.

Property and equipment are depreciated using the straight-line method over the estimated average useful lives of the assets as follows:

Building and improvements	5 to 40 years
Furniture and equipment	3 to 10 years
Computer equipment	3 to 5 years
Vehicle	5 years

Maintenance, repairs, and minor renewals, which do not significantly improve or extend the lives of the respective assets, are charged to operations when incurred. Additions, improvements, and major renewals are capitalized.

The Organization's policy is to capitalize purchases of \$2,500 or more.

**Long-Lived Assets**

Long-lived assets are reviewed for impairment whenever events or circumstances indicate that the carrying amount of the assets may not be recoverable. An asset is considered to be impaired when the undiscounted estimated net cash flows to be generated by the asset are less than the carrying amount. The impairment recognized is the amount by which the carrying amount exceeds the fair value amount. Fair value estimates are based on assumptions concerning the amount and timing of the estimated future cash flows and the discount rates reflecting varying degrees of perceived risk. The management of the Organization concluded that no impairment adjustments were required during the years ended March 31, 2018 and 2017.

**Investments**

Investments in debt and equity securities with readily determinable fair values are reported at the fair value. Contributed investments are valued at market value on the date contributed. Unrealized gains and losses are reported as increases or decreases in unrestricted net assets unless their use is temporarily or permanently restricted by explicit donor-imposed stipulations. Realized gains and losses, if any, on the sale or disposal of investments are computed on a specific identification basis and are also included as increases or decreases in unrestricted net assets unless their use is temporarily or permanently restricted by explicit donor-imposed stipulations.

**Note 2 - Summary of Significant Accounting Policies (continued)**

**Interest in Net Assets of a Community Foundation**

Interest in net assets of a community foundation is reported at fair value as determined by the community foundation.

**Net Assets**

Net assets of the Organization and changes therein are classified and reported based on the existence or absence of donor-imposed stipulations as follows:

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that may or will be met either by action of the Organization or the passage of time.

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that must be maintained permanently by the Organization.

**Revenue Recognition**

Contributions and grants received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor-imposed stipulations.

All donor-imposed restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires, which 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 restrictions.

**Agency Funds**

The Organization may accept grant funds on behalf of another not-for-profit organization and agree to disburse funds for grant expenses or back to the not-for-profit organization at some point in the future.

The Organization maintains variance power and fiduciary responsibility for all grant funds held under agency agreements. These funds are reported as assets. However, a liability, "Agency Funds", has been established for the fair value of the funds, generally equivalent to the present value of the future payments expected to be made on behalf of the not-for-profit organization. The Organization holds no agency funds as of March 31, 2018 and 2017.

**Functional Expense Classification**

The cost of providing the various programs and other activities are summarized on a functional basis in the statements of activities and functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Supporting services consist of organizational administration (management and general) and resource development (fundraising) expenses.

**Note 2 - Summary of Significant Accounting Policies (continued)**

**Advertising**

Advertising costs are expensed as incurred. For the years ended March 31, 2018 and 2017, advertising expense amounted to \$133,045 and \$145,019, respectively.

**Recent Accounting Pronouncements**

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers*, which provides a robust framework for addressing revenue recognition issues and, upon its effective date, replaces almost all existing revenue recognition guidance. This guidance is effective for annual reporting periods beginning after December 15, 2018.

In February 2016, FASB issued ASU 2016-02, *Leases (Topic 842)*. The guidance in this ASU supersedes the leasing guidance in *Topic 840, Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the statement of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities. The new standard is effective for fiscal years beginning after December 15, 2019.

In August 2016, FASB issued ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, which simplifies and improves how a not-for-profit organization classifies its net assets, as well as the information it presents in financial statements and notes about liquidity, financial performance, and cash flows. Among other changes, the ASU replaces the three current classes of net assets with two new classes, “net assets with donor restrictions” and “net assets without donor restrictions”, and expands disclosures about the nature and amount of any donor restrictions. This guidance is effective for annual periods beginning after December 15, 2017.

The Organization is currently evaluating the impact of the pending adoption of the new standards on the financial statements.

**Subsequent Events**

The Organization has evaluated subsequent events through June 18, 2018, which is the date the financial statements were available to be issued. No material events subsequent to March 31, 2018 were noted.

**Note 3 - Tax-Exempt Status**

The Organization is a not-for-profit entity described in Section 501(c)(3) of the Internal Revenue Code (Code) and is exempt from income taxes on related activities pursuant to Section 509(a) of the Code. In addition, the Organization was organized under the Pennsylvania Nonprofit Corporation Law and is exempt from state income taxes.

**Note 3 - Tax-Exempt Status (continued)**

Accounting principles generally accepted in the United States of America requires management to evaluate tax positions taken by the Organization, including whether the entity is exempt from income taxes. Management evaluated the tax positions taken and concluded that the Organization has taken no uncertain tax positions that require recognition or disclosure in the financial statements. With few exceptions, the Organization is no longer subject to income tax examinations by the U.S. Federal, state, or local tax authorities for years before March 31, 2015.

**Note 4 - Fair Value of Financial Instruments**

The fair value hierarchy prioritizes the inputs to valuation methods used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

- Level 1 - Unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities.
- Level 2 - Quoted prices in markets that are not active, or inputs that are observable either directly or indirectly, for substantially the full-term of the asset or liability.
- Level 3 - Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (i.e., supported with little or no market activity).

An asset's or liability's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following valuation techniques were used to measure fair value of assets in the tables below on a recurring basis:

Cash and cash equivalents - The carrying amounts approximate fair value because of the short-term nature of these investments.

Mutual funds - Fair value of mutual funds was based on quoted market prices for the identical securities.

Interest in net assets of a community foundation - Fair value of the interest in net assets of a community foundation was based on the Organization's ownership interest of the fund as determined by the community foundation. The fund assets were valued based on the performance of underlying investments as well as an administrative fee.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.



## United Way of York County

### Notes to Financial Statements

March 31, 2018 and 2017

#### Note 4 - Fair Value of Financial Instruments (continued)

##### Changes in Fair Value Levels

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the beginning of the reporting period.

We evaluated the significance of transfers between levels based upon the nature of the financial instrument and size of the transfer relative to total assets. For the years ended March 31, 2018 and 2017, there were no transfers in or out of Level 3.

For assets falling within Level 3 in the fair value hierarchy, the activity recognized is as follows during the years ended March 31, 2018 and 2017:

	<b>Interest in Net Assets of a Community Foundation</b>
<b>Balance at March 31, 2016</b>	\$ 462,847
Unrealized gains	<u>24,612</u>
<b>Balance at March 31, 2017</b>	487,459
Unrealized gains	<u><b>16,060</b></u>
<b>Balance at March 31, 2018</b>	<u><b>\$ 503,519</b></u>

The unrealized gains for interest in net assets of a community foundation, classified as Level 3, are included as change in interest in net assets of a community foundation in the statement of activities.

#### Note 5 - In-kind Contributions

Contributed assets, including contributed equipment and materials, are reported in the accompanying financial statements at their fair market value as of the date the assets were received.

During the years ended March 31, 2018 and 2017, the Organization also recognized the value of contributed services that met the requirements for recognition in the statement of activities. In addition, a substantial number of individual volunteers and businesses have donated significant amounts of time to the Organization's program and administrative functions. These services do not meet the criteria for recognition as contributed services, and are not reflected on the accompanying financial statements.

## United Way of York County

### Notes to Financial Statements

March 31, 2018 and 2017

#### Note 5 - In-kind Contributions (continued)

In-kind contributions consist of the following for the years ended March 31:

	<u>2018</u>	<u>2017</u>
Advertising	\$ 59,811	\$ 73,827
Campaign incentives	25,087	27,137
Miscellaneous	<u>7,326</u>	<u>5,317</u>
	<u>\$ 92,224</u>	<u>\$ 106,281</u>

#### Note 6 - Concentration of Cash Risk

The Organization maintains cash balances at several financial institutions located in Pennsylvania. At times during the years ended March 31, 2018 and 2017, the Organization's cash balances exceeded the federally insured limit of \$250,000.

#### Note 7 - Campaign Promises to Give

Campaign promises to give represent funds raised to fund the subsequent year's operations. The due date of the campaign promises to give as of March 31, 2018 and 2017 is less than one year.

Campaign promises to give consist of the following as of March 31:

	<u>2018</u>	<u>2017</u>
Campaign promises to give	\$ 3,907,081	\$ 3,889,555
Allowance for uncollectible campaign promises to give	<u>(468,259)</u>	<u>(477,870)</u>
	<u>\$ 3,438,822</u>	<u>\$ 3,411,685</u>

**United Way of York County**

## Notes to Financial Statements

March 31, 2018 and 2017

**Note 8 - Property and Equipment**

Property and equipment consist of the following at March 31:

	<u>2018</u>	<u>2017</u>
Building and improvements	\$ 799,011	\$ 793,622
Computer equipment	44,750	63,091
Land *	26,063	26,063
Vehicle	19,675	19,675
Furniture and equipment	<u>15,475</u>	<u>21,921</u>
	<b>904,974</b>	924,372
Accumulated depreciation	<u>(798,300)</u>	<u>(811,044)</u>
	<u><b>\$ 106,674</b></u>	<u>\$ 113,328</u>

Depreciation for the years ended March 31, 2018 and 2017 was \$13,893 and \$19,020, respectively.

\* Not depreciated

**Note 9 - Investments**

The cost, gross unrealized gains and losses, and fair value for investments consist of the following as of March 31:

	<u>2018</u>			<u>Fair Value</u>
	<u>Cost</u>	<u>Gross Unrealized</u>		
		<u>Gains</u>	<u>Losses</u>	
<b>Cash and Cash Equivalents</b>	\$ 175,704	\$ -	\$ -	\$ 175,704
<b>Mutual Funds</b>				
Domestic equity	1,426,014	479,629	-	1,905,643
Fixed income	1,778,497	1,468	(46,864)	1,733,101
International equity	<u>314,540</u>	<u>77,082</u>	<u>-</u>	<u>391,622</u>
	<u><b>\$ 3,694,755</b></u>	<u><b>\$ 558,179</b></u>	<u><b>\$ (46,864)</b></u>	<u><b>\$ 4,206,070</b></u>



## United Way of York County

### Notes to Financial Statements

March 31, 2018 and 2017

#### Note 10 - Endowments

The Organization's endowments consist of several funds established for a variety of purposes. Its endowments include both a donor restricted endowment fund, and funds designated by the Board of Directors to function as an endowment. As required by accounting principles generally accepted in the United States of America (U.S. GAAP), net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

#### Interpretation of Relevant Law

The Board of Directors of the Organization has interpreted the relevant state law as requiring the preservation of the fair value of the original gift as of the gift date of the donor restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. Unless specifically defined by a donor restricted endowment fund required by donor stipulation, the Organization considers the following factors in making a determination to accumulate or appropriate endowment funds:

1. The duration and preservation of the fund
2. The purposes 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 appreciation of investments
6. Other resources of the Organization
7. The investment policies of the Organization

The following schedule represents the endowment net asset composition by type of endowment fund as of March 31:

	2018			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor restricted endowment funds	\$ -	\$ -	\$ 1,531,298	\$ 1,531,298
Board designated endowment funds	1,217,250	-	-	1,217,250
	<u>\$ 1,217,250</u>	<u>\$ -</u>	<u>\$ 1,531,298</u>	<u>\$ 2,748,548</u>

**United Way of York County**

Notes to Financial Statements

March 31, 2018 and 2017

**Note 10 - Endowments (continued)**

	2017			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Donor restricted endowment funds	\$ -	\$ -	\$ 1,412,427	\$ 1,412,427
Board designated endowment funds	1,131,312	-	-	1,131,312
	<u>\$ 1,131,312</u>	<u>\$ -</u>	<u>\$ 1,412,427</u>	<u>\$ 2,543,739</u>

The following schedule represents the changes in endowment net assets for the years ended March 31:

	2018			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
<b>Endowment Net Assets, Beginning of Year</b>	<b>\$ 1,131,312</b>	<b>\$ -</b>	<b>\$ 1,412,427</b>	<b>\$ 2,543,739</b>
Additions	10,000	-	-	10,000
Investment return				
Interest and dividends	35,966	-	51,113	87,079
Net gains (realized and unrealized)	69,727	-	136,678	206,405
Disbursements	(24,132)	-	(61,260)	(85,392)
Fees	(5,623)	-	(7,660)	(13,283)
<b>Endowment Net Assets, End of Year</b>	<b><u>\$ 1,217,250</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 1,531,298</u></b>	<b><u>\$ 2,748,548</u></b>

	2017			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
<b>Endowment Net Assets, Beginning of Year</b>	<b>\$ 776,483</b>	<b>\$ -</b>	<b>\$ 1,305,438</b>	<b>\$ 2,081,921</b>
Additions	294,169	-	-	294,169
Investment return				
Interest and dividends	33,550	-	49,675	83,225
Net gains (realized and unrealized)	54,783	-	125,959	180,742
Disbursements	(22,385)	-	(60,996)	(83,381)
Fees	(5,288)	-	(7,649)	(12,937)
<b>Endowment Net Assets, End of Year</b>	<b><u>\$ 1,131,312</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 1,412,427</u></b>	<b><u>\$ 2,543,739</u></b>

**Note 10 - Endowments (continued)**

**Return Objectives and Risk Parameters**

The Organization has adopted investment and spending policies for endowment assets to generate sufficient long-term growth of capital, without undue exposure to risk, in order to provide a sustainable level of spending distributions. Additionally, the Organization wishes to enhance the real (adjusted for inflation) purchasing power of the investments over the long run. The Organization's investment objective is a compromise between the need for current income and the long-term growth of assets. The time horizon for the portfolio shall be viewed as long-term in its entirety, avoiding decisions based solely on short-term concerns and individual investments. A diversified investment structure shall be utilized in order to provide participation in risking markets, while mitigating risk in falling markets.

**Strategies Employed for Achieving Objectives**

The Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The board designated endowment will bear a moderate risk and be allocated equally between equity and fixed income investments. The permanent endowment is expected to endure into perpetuity and the long-term risk of not investing in growth securities outweighs the short-term volatility risk. As a result, allocation guidelines have been established whereby the majority of assets in this portfolio will be invested in equity or equity-like securities.

**Endowment Spending Policy and How the Investment Objectives Relate to the Spending Policy**

The Organization has a total return policy of appropriating for distribution each year a percent of its endowment fund's market value. The spending rate shall be recommended to the Board of Directors each year based on the rolling average based on the market values of the preceding twelve quarters calculated annually as of December 31 for the board designated endowment fund and as of June 30 for the permanent endowment fund. The spending rate shall be based on the size, growth, and performance of the endowment fund and the needs of the operating budget. The target spending rate will be 4.5%. Additional withdrawals may be approved at the discretion of the Board of Directors. For the years ended March 31, 2018 and 2017, the spending rate was 4.5% for the permanent endowment fund and 3.0% for the board designated endowment fund.

**Note 11 - Interest in Net Assets of a Community Foundation**

The Organization is the beneficiary of endowment funds of the York County Community Foundation (Foundation), a community foundation. As beneficiary, the Organization is entitled to annual distributions from the funds, based upon the Foundation's spending policy. The balance of the endowment funds are unavailable to the Organization for immediate withdraw. The Foundation maintains variance power only over distributions from the funds.

The organizational endowment fund created by the Organization at the Foundation is reflected in the statement of financial position as interest in net assets of a community foundation. Future contributions are at the discretion of the Board of Directors of the Organization. As of March 31, 2018 and 2017, the fair value of the Organization's interest in net assets of a community foundation amounted to \$503,519 and \$487,459, respectively.

## United Way of York County

### Notes to Financial Statements

March 31, 2018 and 2017

#### Note 11 - Interest in Net Assets of a Community Foundation (continued)

In addition to the organizational endowment fund, contributions made by third parties directly to the Foundation created designated endowment funds, which are not assets of the Organization, and are not reflected in the statement of financial position. The Foundation maintains variance power over the designated endowment funds. The Organization receives information on the value of the fund on an annual basis. As of March 31, 2018 and 2017, the balance of the Foundation fund in which the Organization is currently designated by the contributor as the beneficiary amounted to \$21,429 and \$20,746, respectively, which includes the fund's accumulated investment earnings in excess of annual distributions and fees.

#### Note 12 - Line of Credit

The Organization has an unsecured line of credit agreement with M&T Bank, authorized up to \$750,000. Amounts borrowed against this line of credit bear interest at the 30-day LIBOR rate, plus 2.75 basis points. The interest for the line of credit was 4.19% and 3.75% as of March 31, 2018 and 2017, respectively. There were no borrowings against this line of credit as of March 31, 2018 and 2017.

#### Note 13 - Retirement Plans

The Organization has a defined contribution retirement plan. The plan covers substantially all eligible employees. Contributions to the plan are paid by the Organization at a rate of 8% of the employees' compensation, as defined in the plan document. Contributions to the plan for the years ended March 31, 2018 and 2017 amounted to \$63,506 and \$61,240, respectively.

#### Note 14 - Commitments

The Organization leases various office equipment and other services under operating leases, which have varying terms and monthly payments.

Future minimum lease payments under operating leases, assuming no change in the current terms, consist of the following for the remaining four years ending March 31:

2019	\$	36,615
2020		4,614
2021		2,514
2022		248
		<hr/>
	\$	43,991

Total rent expense for the years ended March 31, 2018 and 2017 for these leases amounted to \$47,268 and \$36,318, respectively.

## United Way of York County

### Notes to Financial Statements

March 31, 2018 and 2017

#### Note 15 - Rental Income

The Organization leases multiple portions of their property to unrelated entities for office space, with varying contract terms.

Rental income relating to these leases amounted to \$75,603 and \$75,005 for the years ended March 31, 2018 and 2017, respectively.

Future minimum rental lease payments, assuming no change in current terms, amount to \$31,680 for the year ending March 31, 2019.

#### Note 16 - Temporarily Restricted Net Assets

Temporarily restricted net assets consist of the following as of March 31:

	<u>2018</u>	<u>2017</u>
Campaign - cash and promises to give, net of donor designations payable	\$ 2,015,795	\$ 2,018,230
Scholarships - cash	87,402	46,170
Sponsorships - cash	<u>30,668</u>	<u>26,202</u>
	<u>\$ 2,133,865</u>	<u>\$ 2,090,602</u>

#### Note 17 - Permanently Restricted Net Assets

Permanently restricted net assets consist of the following as of March 31:

	<u>2018</u>	<u>2017</u>
Investments - endowment	<u>\$ 1,531,298</u>	<u>\$ 1,412,427</u>

#### Note 18 - Reclassification

Certain information in the 2017 financial statements contain reclassifications necessary to make that information comparable to information presented in the 2018 financial statements.

# United Way of York County

## Schedule of Activities - Focus on Our Future - A Child Care Initiative

	Years Ended March 31,	
	2018	2017
<b>Support and Revenue</b>		
Grants	\$ 125,750	\$ 121,910
Contributions and bequests	49,391	25,526
United Way allocation	45,000	45,000
In-kind contributions	538	546
Investment income	3	13
	<hr/>	<hr/>
<b>Total Support and Revenue</b>	<b>220,682</b>	<b>192,995</b>
	<hr/>	<hr/>
<b>Expenses</b>		
Quality enhancement	91,079	101,660
Salaries and wages	73,070	65,054
School readiness	12,500	22,062
Employee benefits	9,220	8,702
Payroll taxes	7,416	6,025
Travel	3,332	3,457
Scholarships	2,171	31,955
Conference and training	1,355	4,050
Meeting expense	73	576
Dues and subscriptions	69	278
Postage	62	244
Supplies	56	351
Printing and publications	-	1,084
	<hr/>	<hr/>
<b>Total Expenses</b>	<b>200,403</b>	<b>245,498</b>
	<hr/>	<hr/>
<b>Changes in Net Assets</b>	<b>\$ 20,279</b>	<b>\$ (52,503)</b>
	<hr/>	<hr/>

# United Way of York County

## Schedule of Activities - Truancy Prevention Initiative

	Years Ended March 31,	
	2018	2017
<b>Support and Revenue</b>		
Grants	\$ 184,937	\$ 146,739
United Way allocation	31,000	-
Contributions and bequests	6,350	5,205
Investment income	3	9
In-kind contributions	-	450
<b>Total Support and Revenue</b>	<b>222,290</b>	<b>152,403</b>
<b>Expenses</b>		
Salaries and wages	152,595	93,667
Youth court	28,515	20,687
Payroll taxes	17,208	9,307
Employee benefits	16,947	13,747
Truancy summit	7,977	-
Travel	1,968	1,394
Postage	768	482
Meeting expense	318	69
School readiness	7	701
Printing and publications	-	1,084
Conference and training	-	755
<b>Total Expenses</b>	<b>226,303</b>	<b>141,893</b>
<b>Changes in Net Assets</b>	<b>\$ (4,013)</b>	<b>\$ 10,510</b>