

Butler County United Way
Financial Statements
Years Ended June 30, 2019 and 2018

Butler County United Way

Table of Contents
Years Ended June 30, 2019 and 2018

	<u>Page</u>
Independent Auditor's Report	1 - 2
Financial Statements	
Statements of Financial Position.....	3
Statements of Activities	4 - 5
Statements of Functional Expenses	6 - 7
Statements of Cash Flows.....	8
Notes to Financial Statements.....	9 - 18



Independent Auditor's Report

To the Board of Trustees
Butler County United Way

Report on the Financial Statements

We have audited the accompanying financial statements of Butler County United Way (the "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.

MCM CPAs & Advisors LLP
P 513.579.1717
F 513.768.6780
201 East Fifth Street | Suite 2100
Cincinnati, OH 45202
www.mcmcpa.com
888.587.1719

A Member of PrimeGlobal - An Association
of Independent Accounting Firms

Ohio
Kentucky
Indiana

Independent Auditor's Report (Continued)

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Butler County United Way 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.

Emphasis of Matter

As discussed in Note B, the Organization has adopted Financial Accounting Standards Update 2016-14, Not-for-Profit Entities (Topic 958): *Presentation of Financial Statements for Not-for-Profit Entities*. Our opinion is not modified with respect to this matter.

Handwritten signature in black ink that reads "MCM CPAs & Advisors LP". The signature is stylized and cursive.

Cincinnati, Ohio

November 14, 2019

**Butler County United Way
Statements of Financial Position
June 30, 2019 and 2018**

	<u>2019</u>	<u>2018</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 241,242	\$ 178,275
Pledges receivable, net	<u>741,973</u>	<u>879,217</u>
Total Current Assets	983,215	1,057,492
Property and Equipment, net	17,204	20,415
Noncurrent Assets		
Investments, at fair value	323,686	489,378
Beneficial interest in assets held by others	107,972	101,795
Board designated cash	<u>209,810</u>	<u>205,986</u>
Total Noncurrent Assets	<u>641,468</u>	<u>797,159</u>
Total Assets	<u>\$ 1,641,887</u>	<u>\$ 1,875,066</u>
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 12,449	\$ 12,386
Allocations and designations payable	902,708	1,082,152
Designations payable to other United Way organizations	<u>47,436</u>	<u>29,386</u>
Total Current Liabilities	962,593	1,123,924
Net Assets		
Board designated - required operating reserve	209,810	205,986
Undesignated	<u>406,259</u>	<u>495,156</u>
Total Without Donor Restrictions	616,069	701,142
With Donor Restrictions	<u>63,225</u>	<u>50,000</u>
Total Net Assets	<u>679,294</u>	<u>751,142</u>
Total Liabilities and Net Assets	<u>\$ 1,641,887</u>	<u>\$ 1,875,066</u>

See accompanying notes.

**Butler County United Way
Statement of Activities
Year Ended June 30, 2019**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Public Support			
Gross campaign results	\$ 1,744,186	\$ 13,225	\$ 1,757,411
Less donor designations	477,187	-	477,187
Less provision for uncollectible pledges receivable	<u>170,000</u>	<u>-</u>	<u>170,000</u>
Net Campaign Revenue	1,096,999	13,225	1,110,224
Other Revenue			
Net realized and unrealized gain on investments	22,044	-	22,044
Interest and dividends	18,744	-	18,744
Change in fair value of beneficial interest in assets held by others	6,177	-	6,177
Other revenue	8,223	-	8,223
Special events, net	(414)	-	(414)
In-kind donations	<u>153,869</u>	<u>-</u>	<u>153,869</u>
Total Other Revenue	208,643	-	208,643
Net Assets Released from Restrictions	<u>-</u>	<u>-</u>	<u>-</u>
Total Public Support and Other Revenue	1,305,642	13,225	1,318,867
Expenses			
Program services	1,038,708	-	1,038,708
Supporting services			
Management and general	84,899	-	84,899
Resource development	250,938	-	250,938
United Way Worldwide dues	<u>16,170</u>	<u>-</u>	<u>16,170</u>
Total Supporting Services	<u>352,007</u>	<u>-</u>	<u>352,007</u>
Total Expenses	<u>1,390,715</u>	<u>-</u>	<u>1,390,715</u>
Change in Net Assets	(85,073)	13,225	(71,848)
Net Assets, beginning of year	<u>701,142</u>	<u>50,000</u>	<u>751,142</u>
Net Assets, end of year	<u>\$ 616,069</u>	<u>\$ 63,225</u>	<u>\$ 679,294</u>

See accompanying notes.

**Butler County United Way
Statement of Activities
Year Ended June 30, 2018**

	Without Donor Restrictions	With Donor Restrictions	Total
Public Support			
Gross campaign results	\$ 1,736,497	\$ -	\$ 1,736,497
Less donor designations	413,070	-	413,070
Less provision for uncollectible pledges receivable	<u>59,787</u>	<u>-</u>	<u>59,787</u>
Net Campaign Revenue	1,263,640	-	1,263,640
Other Revenue			
Net realized and unrealized gain on investments	13,331	-	13,331
Interest and dividends	18,165	-	18,165
Change in fair value of beneficial interest in assets held by others	8,249	-	8,249
Contribution - Oxford acquisition	66,701	-	66,701
Other revenue	7,701	-	7,701
Special events, net	19,546	-	19,546
In-kind donations	<u>346,540</u>	<u>-</u>	<u>346,540</u>
Total Other Revenue	480,233	-	480,233
Net Assets Released from Restrictions	<u>11,600</u>	<u>(11,600)</u>	<u>-</u>
Total Public Support and Other Revenue	1,755,473	(11,600)	1,743,873
Expenses			
Program services	1,340,237	-	1,340,237
Supporting services			
Management and general	142,005	-	142,005
Resource development	255,638	-	255,638
United Way Worldwide dues	<u>10,116</u>	<u>-</u>	<u>10,116</u>
Total Supporting Services	<u>407,759</u>	<u>-</u>	<u>407,759</u>
Total Expenses	<u>1,747,996</u>	<u>-</u>	<u>1,747,996</u>
Change in Net Assets	7,477	(11,600)	(4,123)
Net Assets, beginning of year	<u>693,665</u>	<u>61,600</u>	<u>755,265</u>
Net Assets, end of year	<u>\$ 701,142</u>	<u>\$ 50,000</u>	<u>\$ 751,142</u>

See accompanying notes.

**Butler County United Way
Statement of Functional Expenses
Year Ended June 30, 2019**

	Program Services			Supporting Services				Total Expenses
	Allocations	Community Impact	Total	Management and General	Resource Development	UWW Dues	Total	
Compensation	\$ -	\$ 182,539	\$ 182,539	\$ 34,815	\$ 132,540	\$ -	\$ 167,355	\$ 349,894
Employer payroll taxes	-	14,223	14,223	2,254	10,328	-	12,582	26,805
Employee benefits	-	34,389	34,389	6,152	23,533	-	29,685	64,074
Total Personnel Expenses	-	231,151	231,151	43,221	166,401	-	209,622	440,773
Allocations to agencies	578,572	-	578,572	-	-	-	-	578,572
Professional/Consultant fees	-	16,848	16,848	8,087	12,995	-	21,082	37,930
Depreciation	-	1,410	1,410	478	1,323	-	1,801	3,211
Marketing/Campaign expense	-	19,404	19,404	4,670	14,938	-	19,608	39,012
Occupancy	-	14,349	14,349	2,958	10,911	-	13,869	28,218
Conference and meeting	-	4,733	4,733	1,156	3,566	-	4,722	9,455
In-kind donations	-	135,269	135,269	3,160	15,440	-	18,600	153,869
Miscellaneous	-	46	46	-	-	-	-	46
Supplies	-	1,905	1,905	873	1,423	-	2,296	4,201
Telephone	-	8,837	8,837	5,165	5,643	-	10,808	19,645
Equipment maintenance and rental	-	20,366	20,366	4,545	15,359	-	19,904	40,270
Special events	-	-	-	13,899	-	-	13,899	13,899
Travel	-	2,526	2,526	1,424	312	-	1,736	4,262
Awards/Incentives	-	1,426	1,426	2,415	1,058	-	3,473	4,899
Postage	-	956	956	212	716	-	928	1,884
Membership dues	-	910	910	388	853	16,170	17,411	18,321
Bank fees	-	-	-	6,147	-	-	6,147	6,147
Total Expenses Before Special Events	578,572	460,136	1,038,708	98,798	250,938	16,170	365,906	1,404,614
Less: special events netted with revenues	-	-	-	13,899	-	-	13,899	13,899
Total Expenses	\$ 578,572	\$ 460,136	\$ 1,038,708	\$ 84,899	\$ 250,938	\$ 16,170	\$ 352,007	\$ 1,390,715

See accompanying notes.

**Butler County United Way
Statement of Functional Expenses
Year Ended June 30, 2018**

	Program Services			Supporting Services				Total Expenses
	Allocations	Community Impact	Total	Management and General	Resource Development	UWW Dues	Total	
Compensation	\$ -	\$ 154,197	\$ 154,197	\$ 52,336	\$ 144,714	\$ -	\$ 197,050	\$ 351,247
Employer Payroll taxes	-	12,870	12,870	3,290	10,554	-	13,844	26,714
Employee benefits	-	23,807	23,807	20,282	20,240	-	40,522	64,329
Total Personnel Expenses	-	190,874	190,874	75,908	175,508	-	251,416	442,290
Allocations to agencies	752,322	-	752,322	-	-	-	-	752,322
Professional/Consultant fees	-	5,850	5,850	21,414	5,696	-	27,110	32,960
Depreciation	-	2,958	2,958	1,004	2,776	-	3,780	6,738
Marketing/Campaign expense	-	10,906	10,906	3,702	10,235	-	13,937	24,843
Occupancy	-	14,174	14,174	4,811	13,302	-	18,113	32,287
Conference and meeting	-	4,123	4,123	1,502	3,678	-	5,180	9,303
In-kind donations	-	324,140	324,140	7,080	15,320	-	22,400	346,540
Miscellaneous	-	844	844	285	792	-	1,077	1,921
Supplies	-	1,663	1,663	1,370	1,786	-	3,156	4,819
Telephone	-	7,404	7,404	5,495	5,670	-	11,165	18,569
Special events	-	-	-	127,938	-	-	127,938	127,938
Equipment maintenance and rental	-	17,864	17,864	6,063	16,765	-	22,828	40,692
Travel	-	2,920	2,920	1,654	173	-	1,827	4,747
Awards/Incentives	-	1,927	1,927	654	1,809	-	2,463	4,390
Postage	-	1,345	1,345	467	1,262	-	1,729	3,074
Membership dues	-	923	923	313	866	10,116	11,295	12,218
Bank fees	-	-	-	10,283	-	-	10,283	10,283
Total Expenses Before Special Events	752,322	587,915	1,340,237	269,943	255,638	10,116	535,697	1,875,934
Less: special events netted with revenues	-	-	-	127,938	-	-	127,938	127,938
Total Expenses	\$ 752,322	\$ 587,915	\$ 1,340,237	\$ 142,005	\$ 255,638	\$ 10,116	\$ 407,759	\$ 1,747,996

See accompanying notes.

Butler County United Way
Statements of Cash Flows
Years Ended June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Operating Activities		
Change in net assets	\$ (71,848)	\$ (4,123)
Adjustments to reconcile change in net assets to net cash flows (used in) provided by operating activities		
Depreciation	3,211	6,738
Net realized and unrealized gain on investments	(22,044)	(13,331)
Provision for uncollectible pledges and other receivables	170,000	95,178
Change in fair value of beneficial interest in assets held by others	(6,177)	(8,249)
Noncash acquisition of entity	-	63,578
Changes in operating assets and liabilities, net of acquired entity		
Pledges receivable	(32,756)	(116,986)
Board designated cash	(3,824)	(1,711)
Accounts payable	63	(23,353)
Allocations and designations payable	(179,444)	77,976
Designations payable to other United Way organizations	18,050	(771)
Net Cash Flows (Used in) Provided by Operating Activities	<u>(124,769)</u>	<u>74,946</u>
Investing Activities		
Purchase of investment securities	(89,599)	(96,985)
Proceeds from sales of investments	<u>277,335</u>	<u>84,168</u>
Net Cash Flows Provided by (Used in) Investing Activities	<u>187,736</u>	<u>(12,817)</u>
Net Change in Cash and Cash Equivalents	62,967	62,129
Cash and Cash Equivalents, beginning of year	<u>178,275</u>	<u>116,146</u>
Cash and Cash Equivalents, end of year	<u>\$ 241,242</u>	<u>\$ 178,275</u>

See accompanying notes.

Butler County United Way
Notes to Financial Statements
Years Ended June 30, 2019 and 2018

Note A - Nature of Organization and Operations

The Butler County United Way (the "Organization") is a nonprofit organization that generates resources from the Butler County community for the purpose of helping all individuals and families achieve their potential through education, income stability and healthy lives. The Organization, whose mission is to connect resources to important community needs, is a member in good standing with the United Way Worldwide and is governed by a local volunteer board of trustees.

The Organization leverages resources from multiple sources. Three distinct types of resources are leveraged. They are in the form of money, volunteer time/in-kind donations, and people's voice - advocacy. Resources are garnered primarily from local corporations, foundations, government entities, employees, community citizens, and special events. These secured resources are invested in local community needs through a network of providers. The selected network of providers delivers outcome-based services that are aligned with the United Way purpose. United Way's business is to connect and mobilize resources to improve lives.

Note B - Summary of Significant Accounting Policies

1. Basis of Accounting: The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. On August 18, 2016, FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) - *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Organization has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.
2. Financial Statement Presentation: The Organization reports information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions.
 - *Net Assets without Donor Restrictions*: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the board of directors.
 - *Net Assets with Donor Restrictions*: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.
3. Use of Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States 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. Actual results could differ from those estimates.

Butler County United Way
Notes to Financial Statements (Continued)
Years Ended June 30, 2019 and 2018

Note B - Summary of Significant Accounting Policies (Continued)

4. Cash and Cash Equivalents: The Organization considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents. The Organization maintains at various financial institutions cash accounts which may exceed federally insured amounts at times, and which may at times significantly exceed statement of financial position amounts due to outstanding checks.
5. Investments: Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statements of financial position. Investments are comprised of equity securities, bond funds and mutual funds. Realized and unrealized gains and losses are included in the statements of activities. Interest and dividends are recognized when earned.
6. Board Designated Cash: Board designated cash has been established for the purpose of maintaining approximately two months of reserves for future allocations to supported agencies and programs and for internal expenses.
7. In-kind Donated Materials, Facilities, and Services: Certain contributed materials, facilities, and services are recorded as support and expense, at fair value when determinable, otherwise at values indicated by the donor. The Organization received \$153,869 and \$346,540 during the years ended June 30, 2019 and 2018, respectively.
8. Fair Value of Financial Instruments: Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date and sets out a fair value hierarchy. The three levels of the fair value hierarchy are described below:
 - Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities.
 - Level 2: Inputs other than quoted prices within Level 1 that are observable for the asset or liability, either directly or indirectly through corroboration with observable market data.
 - Level 3: Inputs that are unobservable for the asset or liability and include situations where there is little, if any, market activity for the asset or liability. These inputs into the determination of fair value are based upon the best information in the circumstances and may require significant management judgment or estimation.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The Organization's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the asset or liability. The fair value of the Organization's investments as of June 30, 2019 and 2018 was determined using Level 1 inputs for common stock, money market funds and mutual funds and using Level 2 inputs for beneficial interest in assets held by others.

The carrying value of the cash and cash equivalents, pledges receivable, accounts payable and other current liabilities approximates fair value due to the short-term nature of these instruments.

9. Beneficial Interest in Assets Held by Others: In 1990, an anonymous donor donated \$50,000 to the Hamilton Community Foundation but designated Butler County United Way as the beneficiary. As the donor did not grant the Hamilton Community Foundation the right to redirect the funds to another beneficiary, accounting principles generally accepted in the United States of America require an asset to be recognized. The investment income is available for distribution and the initial \$50,000 contribution requires approval of the Hamilton Community Foundation Board of Trustees for payout. The balance of the assets held in beneficial interest classified as net assets with donor restrictions is \$50,000.

**Butler County United Way
Notes to Financial Statements (Continued)
Years Ended June 30, 2019 and 2018**

Note B - Summary of Significant Accounting Policies (Continued)

9. Beneficial Interest in Assets Held by Others (Continued): In addition, the Organization established funds at various community foundations, designating the Organization as beneficiary.

June 30, 2017	\$ 93,546
Change in fair value	<u>8,249</u>
June 30, 2018	101,795
Change in fair value	<u>6,177</u>
June 30, 2019	<u><u>\$ 107,972</u></u>

10. Property and Equipment: Property and equipment are stated at cost less accumulated depreciation. Property and equipment additions in excess of \$1,000 are capitalized. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is recognized in the change in net assets for the period. The cost of maintenance and repairs is charged to expense as incurred; significant renewals and betterments are capitalized. Depreciation is provided using the straight-line method over the estimated useful lives of the assets. The general range of useful lives for depreciation is three to twenty years. The useful lives for leasehold improvements are the lesser of the life of the lease or the useful estimated life of the related asset.
11. Allocations and Designations Payable: Allocations to supported member agencies' programs and services are approved in the spring and disbursed for the most part in the following fiscal year. Allocations made by the Organization are recognized as expense in the period the commitment is made. As of June 30, 2019 and 2018 the allocations and designations payable were \$902,708 and \$1,082,152.
12. Designations Payable to Other United Way Organizations: Funds received or receivable that must be distributed to other United Way agencies are classified as an asset and a corresponding liability in the accompanying statements of financial position. Since the Organization acts as the custodial agent of these funds, no amounts are recognized in net campaign revenue in the accompanying statements of activities. As of June 30, 2019 and 2018, the Organization owed \$47,436 and \$29,386 to other United Ways.
13. Restricted and Undesignated Revenue: Pledges and contributions that are restricted by the donor are reported as revenue without restrictions if the restriction expires in the reporting period in which the pledge is recognized. All other donor-restricted pledges are reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a 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 statements of activities as net assets released from restrictions. Pledges received in the current fiscal year to support the fall campaign of the following fiscal year are subject to a time restriction and are included in net assets with donor restrictions.

Pledges received with a donor designation to a specific agency are agency transactions and are therefore deducted from the gross campaign results and are also excluded from allocations to agencies expense.

Butler County United Way
Notes to Financial Statements (Continued)
Years Ended June 30, 2019 and 2018

Note B - Summary of Significant Accounting Policies (Continued)

14. Functional Allocation of Expenses: The costs of supporting various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and general and administrative categories. Salaries and payroll taxes are allocated based on time and effort. All other expenses are recorded based on their functional purpose.
15. Marketing and Campaign Expense: Marketing and campaign costs are expensed as incurred. For the years ended June 30, 2019 and 2018 marketing and campaign expense totaled \$39,012 and \$24,843, respectively.
16. Tax Status: The Organization is exempt from federal, state and local income taxes under the provisions of the Internal Revenue Code (IRC). The Organization is not considered a private foundation within the meaning of the IRC. The Organization recognizes uncertain income tax positions using the "more-likely-than-not" approach as defined in the ASC. No liability for uncertain tax positions has been recorded in the accompanying financial statements.
17. Recent Accounting Pronouncements: On May 28, 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers*. The standard's core principle is that an organization will recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the organization expects to be entitled in exchange for those goods or services. This standard also includes expanded disclosure requirements that result in an entity providing users of the financial statements with comprehensive information about the nature, amount, timing, and uncertainty of revenue and cash flows arising from the entity's contracts with customers. The Organization evaluated the impact of the adoption of ASU 2014-09 on the financial statements and did not record any material impact from the adoption of ASU 2014-09 as of July 1, 2019.

In June 2018, the FASB issued ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The amendments in this standard should assist entities in 1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, Not-for-Profit Entities, or as exchange (reciprocal) transactions subject to other guidance and 2) determining whether a contribution is conditional. The Organization evaluated the impact of the adoption of ASU 2018-08 on the financial statements and did not record any material impact from the adoption of ASU 2018-08 as of July 1, 2019.

In November 2016, the FASB issued ASU 2016-18, *Statement of Cash Flows* (Topic 820). This standard requires that a statement of cash flows explain the change during the period in the total of cash, cash equivalents and amounts generally described as restricted cash or restricted cash equivalents. Consequently, amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning of period and end of period total amounts shown on the statement of cash flows. This standard will be effective for the year ending June 30, 2020.

In February 2016, the FASB issued ASU 2016-02, *Leases*. The standard requires all leases with lease terms over 12 months to be capitalized as a right-of-use asset and lease liability on the statement of financial position at the date of lease commencement. Leases will be classified as either finance or operating. This distinction will be relevant for the pattern of expense recognition in the income statement. This standard will be effective for the year ending June 30, 2021.

The Organization is currently in the process of evaluating the impact of adoption of these ASUs on the financial statements.

18. Subsequent Events: The Organization has evaluated subsequent events for potential recognition and disclosure through the date of the independent auditor's report, the date the financial statements were available to be issued.

Butler County United Way
Notes to Financial Statements (Continued)
Years Ended June 30, 2019 and 2018

Note C - Programs and Activities

The Organization focuses on connecting resources to important community needs while brokering solutions to the most urgent human needs facing the community. A variety of methods are deployed to communicate with community members in order to prioritize the issues and determine the proper solutions to these problems. Whether this means grant writing, fundraising, or collaborating with community partners, the Organization uses community input to solve community issues. The Organization's primary programs and activities are as follows:

- *Community Impact:* The Organization connects resources to community needs that are identified by the community as most critical. The resources may include fundraising, grant writing, volunteer recruitment, or developing collaborations that best address the identified issues.

Community Impact involves developing community solutions and investing resources to effectively address health and human service needs. This includes outcome measurement, planning and problem-solving. Strategic initiatives promote collaborative problem solving and community development with community stakeholders and non-profit agencies to.

- *Resource Development:* This division focuses on revenue that is secured from direct donor solicitation, corporate investments, sponsorship opportunities, and fundraising events. During the 2018 campaign year, volunteers from the community led the annual campaign which generated more than \$1,700,000 in pledged gifts from individuals and corporations. An additional 4,500 volunteers logged in over 30,000 hours to support the fundraising events and day to day details, so as to keep overhead costs low and directly benefit the award process.

Note D - Pledges Receivable, net

Pledges receivable consist of:

	<u>2019</u>	<u>2018</u>
Pledges Receivable	\$ 942,148	\$ 1,077,812
Less Allowance for Uncollectable Receivables	<u>(200,175)</u>	<u>(198,595)</u>
	<u>\$ 741,973</u>	<u>\$ 879,217</u>

Pledges are reported as a receivable for one year or until paid. The allowance for uncollectible pledges is calculated to be approximately 5% - 6% of the total amount raised for the current year fundraising campaign, which is based on the Organization's actual past collection experience. Any unpaid pledge greater than twelve months is considered uncollectible and is written off to the allowance for uncollectible receivables.

Butler County United Way
Notes to Financial Statements (Continued)
Years Ended June 30, 2019 and 2018

Note E - Investments

The investment balance (also known as the Legacy Fund) is comprised of long-term investments. The Legacy Fund requires approval by the Chief Executive Officer for disbursements, which are primarily used to purchase equipment and/or make building improvements. The Finance Committee makes recommendations to the Chief Executive Officer for approval.

Investments consist of:

	2019		2018	
	Cost	Fair Value	Cost	Fair Value
Investments				
Common stock	\$ 145,369	\$ 194,221	\$ 236,490	\$ 297,447
Money market funds	40,968	40,968	29,225	29,225
Mutual funds				
Fixed income	64,926	64,690	111,840	109,581
Alternative investments	24,040	23,807	50,195	53,125
	<u>\$ 275,303</u>	<u>\$ 323,686</u>	<u>\$ 427,750</u>	<u>\$ 489,378</u>

Investment income consists of:

	2019	2018
Realized Gains	\$ 38,657	\$ 29,530
Unrealized Losses	(13,245)	(14,110)
Investment Advisory Expenses	<u>(3,368)</u>	<u>(2,089)</u>
Net Realized and Unrealized Gain	22,044	13,331
Interest and Dividends	<u>18,744</u>	<u>18,165</u>
	<u>\$ 40,788</u>	<u>\$ 31,496</u>

Note F - Property and Equipment

Property and equipment consist of the following:

	2019	2018
Equipment	\$ 127,204	\$ 127,204
Leasehold Improvements	<u>389,356</u>	<u>389,356</u>
	516,560	516,560
Less accumulated depreciation	<u>499,356</u>	<u>496,145</u>
	<u>\$ 17,204</u>	<u>\$ 20,415</u>

Depreciation expense for the year ended June 30, 2019 and 2018 totaled \$3,211 and \$6,738.

Butler County United Way
Notes to Financial Statements (Continued)
Years Ended June 30, 2019 and 2018

Note G - Net Assets with Donor Restrictions

Net assets with donor restrictions represent restricted contributions received for future allocation periods.

The balances were:

	<u>2019</u>	<u>2018</u>
Hamilton Community Foundation Fund	\$ 50,000	\$ 50,000
Time Restriction - campaign revenues for future periods	<u>13,225</u>	<u>-</u>
	<u>\$ 63,225</u>	<u>\$ 50,000</u>

During the years ended June 30, 2019 and 2018, net assets of \$0 and \$11,600, respectively, were released from donor time restrictions.

Note H - Special Events

Special events provided revenues and expenses as follows:

	<u>2019</u>	<u>2018</u>
Gross Revenues	\$ 13,485	\$ 147,484
Direct Expenses	<u>(13,899)</u>	<u>(127,938)</u>
Special Events, net	<u>\$ (414)</u>	<u>\$ 19,546</u>

Note I - Operating Lease

The Organization leases office space from the Hamilton Community Foundation at one dollar per year. The lease is a year to year agreement that expires on March 31, 2020, but with an automatic renewal feature with the same pre-established conditions unless 30 days' notice is given.

Note J - In-kind Donations

The Organization recognized the following donations as in-kind revenue and expense related to program and supporting services:

	<u>2019</u>	<u>2018</u>
Rent	\$ 40,000	\$ 40,000
Contributed Goods and Services	<u>113,869</u>	<u>306,540</u>
	<u>\$ 153,869</u>	<u>\$ 346,540</u>

**Butler County United Way
Notes to Financial Statements (Continued)
Years Ended June 30, 2019 and 2018**

Note J - In-kind Donations (Continued)

The estimated fair value of the operating lease is expensed annually as in-kind donations on the statements of functional expenses and included in in-kind donations on the statements of activities. The current lease runs from April 1, 2019 to March 31, 2020, and automatically renews for periods of one year. The Organization leases the facility from the Hamilton Community Foundation at one dollar per year. The lease requires the Organization to pay for all costs and expenses necessary to operate and maintain the facility.

Many individuals volunteer their time and talent to perform a variety of tasks without which the United Way could not successfully conduct its programs. However, only services that meet the criteria for recognition under generally accepted accounting principles are recorded in the financial statements.

Note K - Concentrations

The Organization operates principally in the Butler County, Ohio, geographic area. The Organization's investments are not insured and are subject to market value fluctuation. The Organization's financial instruments that are potentially exposed to concentrations of credit risk are primarily cash and pledges receivable.

The Organization's pledges receivable are primarily pledges made by businesses and their employees, and, accordingly, the collection is subject to the economic stability of the supporting businesses and on the overall economic environment of the area.

The Organization received approximately 14% of its support from one company for the year ended June 30, 2019, and 16% of its support from one company for the year ended June 30, 2018, on behalf of their employees who participate in the payroll deduction campaign and corporate contributions.

Note L - Retirement Plan

The Organization maintains a 403(b)-retirement plan that covers substantially all full-time employees. The Organization contributes 5% of each employee's qualifying compensation into the plan. For the years ended June 30, 2019 and 2018 the Organization contributed \$16,697 and \$11,771, respectively.

Note M - Risks and Uncertainties

The Organization self-insures for state unemployment purposes. In management's judgment, no material exposure exists related to the self-insurance and, accordingly, no provision has been made in the accompanying financial statements.

The Organization invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect net asset balances and the amounts reported in the statements of financial position.

Butler County United Way
Notes to Financial Statements (Continued)
Years Ended June 30, 2019 and 2018

Note N - Fair Value Measurements

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of June 30, 2019:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments				
Common stock	\$ 194,221	\$ -	\$ -	\$ 194,221
Money market funds	40,968	-	-	40,968
Mutual funds				
Fixed income	64,690	-	-	64,690
Alternative investments	<u>23,807</u>	<u>-</u>	<u>-</u>	<u>23,807</u>
	<u>\$ 323,686</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 323,686</u>
Beneficial Interest in Assets				
Held by Community Foundations	<u>\$ -</u>	<u>\$ 107,972</u>	<u>\$ -</u>	<u>\$ 107,972</u>

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of June 30, 2018:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments				
Common stock	\$ 297,447	\$ -	\$ -	\$ 297,447
Money market funds	29,225	-	-	29,225
Mutual funds				
Fixed income	109,581	-	-	109,581
Alternative investments	<u>53,125</u>	<u>-</u>	<u>-</u>	<u>53,125</u>
	<u>\$ 489,378</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 489,378</u>
Beneficial Interest in Assets				
Held by Community Foundations	<u>\$ -</u>	<u>\$ 101,795</u>	<u>\$ -</u>	<u>\$ 101,795</u>

Following is a description of the valuation methodologies used for assets measured at fair value:

- *Common Stock*: Valued at the closing price reposted on the active market on which the individual securities are traded.
- *Money Market Funds*: Valued based on amortized cost which equates to fair value.
- *Mutual Funds*: Valued at the published net asset value of shares held at year-end.
- *Assets Held by Community Foundations*: Values provided by community foundations based upon market value of underlying assets.

Butler County United Way
Notes to Financial Statements (Continued)
Years Ended June 30, 2019 and 2018

Note O - Acquisition of the Oxford United Way

On February 1, 2018, the Organization acquired 100% of the Oxford United Way's (Oxford) assets and obligations. The complementary missions and programming of Oxford and the Organization led to an acquisition that resulted in enhanced services to a wider range of recipients.

As a result of the acquisition, the Organization assumed the following Oxford assets and liabilities as of February 1, 2018, at values that approximate fair market value on that date:

Cash and Cash Equivalents	\$ 130,279
Pledges Receivable	18,222
Allocations and Designations Payable	<u>(81,800)</u>
Net Contribution	<u><u>\$ 66,701</u></u>

Note P - Liquidity and Availability

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

The Organization is substantially supported by contributions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Organization must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year.

The following reflects the Organization's financial assets as of the statement of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date.

	<u>2019</u>	<u>2018</u>
Cash and Cash Equivalents	\$ 241,242	\$ 178,275
Cash Restricted for Long-term Purposes	209,810	205,986
Accounts Receivable	741,973	879,217
Investments	323,686	489,378
Beneficial Interest	<u>107,972</u>	<u>101,795</u>
Total Financial Assets	1,624,683	1,854,651
Less Those Unavailable for General Expenditures Within One Year, due to		
Allocations	(902,708)	(1,082,152)
Designations to other United Ways	(47,436)	(29,386)
Restricted by donor with time or purpose restrictions	(63,225)	(50,000)
Board Designations		
Required operating reserve	<u>(209,810)</u>	<u>(205,986)</u>
	<u><u>\$ 401,504</u></u>	<u><u>\$ 487,127</u></u>