

# **UNITED WAY OF HOWARD COUNTY, INC.**

**FINANCIAL STATEMENTS**

**AND**

**SUPPLEMENTARY INFORMATION**

**DECEMBER 31, 2018 AND 2017**

*CPAs / ADVISORS*



**UNITED WAY OF HOWARD COUNTY, INC.**

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DECEMBER 31, 2018 AND 2017

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Blue & Co., LLC / 813 West Second Street / Seymour, IN 47274  
main 812.522.8416 fax 812.523.8615 email blue@blueandco.com

[blueandco.com](http://blueandco.com)

## REPORT OF INDEPENDENT AUDITORS

Board of Directors  
United Way of Howard County, Inc.  
Kokomo, Indiana

### Report on the Financial Statements

We have audited the accompanying financial statements of the United Way of Howard County, Inc. (the "Organization") which comprise the statements of financial position as of December 31, 2018 and 2017, 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 the Organization as of December 31, 2018 and 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Change in Accounting Principle

As discussed in Note 2 to the financial statements, effective January 1, 2018, the Organization adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2016-14, *Presentation of Financial Statement 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 accompanying supplemental information on page 21 is presented for the 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.

*Blue & Co., LLC*

Seymour, Indiana

April 16, 2020

**UNITED WAY OF HOWARD COUNTY, INC.**

STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2018 AND 2017

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**ASSETS**

	2018	2017 As Restated
Cash	\$ 302,774	\$ 741,062
Certificates of deposit	529,917	529,917
Money market fund	41,981	41,755
Pledges receivable, net	794,732	1,113,205
Prepaid expenses	15,531	24,926
Board designated investments	108,070	118,923
Property and equipment, net	<u>240,026</u>	<u>233,115</u>
	<u>\$ 2,033,031</u>	<u>\$ 2,802,903</u>

**LIABILITIES AND NET ASSETS**

**Liabilities**

Accounts payable	\$ 18,995	\$ 53,763
Accrued expenses	34,901	56,470
Allocations payable	543,842	581,954
Designations payable	63,151	18,279
Agency funds	<u>88,200</u>	<u>87,854</u>
Total liabilities	749,089	798,320

**Net assets**

Unrestricted		
Undesignated	626,869	538,615
Board designated	<u>108,070</u>	<u>118,923</u>
Total unrestricted net assets	734,939	657,538
Temporarily restricted	<u>549,003</u>	<u>1,347,045</u>
Total net assets	<u>1,283,942</u>	<u>2,004,583</u>
	<u>\$ 2,033,031</u>	<u>\$ 2,802,903</u>

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*See accompanying notes to financial statements.*

**UNITED WAY OF HOWARD COUNTY, INC.**

STATEMENTS OF ACTIVITIES  
 YEAR ENDED DECEMBER 31, 2018  
 (WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2017)

	2018			2017
	Without	With Donor	Total	As Restated
	Donor Restrictions	Restrictions		Total
<b>Support and revenues</b>				
Gross campaign results	\$ 648,482	\$ 543,023	\$ 1,191,505	\$ 1,757,017
Less donor designations	29,256	67,113	96,369	44,295
Less provision (recoveries) for uncollectible accounts	<u>(66,573)</u>	<u>112,668</u>	<u>46,095</u>	<u>204,352</u>
Net campaign results	685,799	363,242	1,049,041	1,508,370
Disaster relief	-0-	-0-	-0-	19,331
Grant revenue	32,000	192,086	224,086	32,000
2-1-1 program revenue	21,347	-0-	21,347	35,460
Other program revenue	38,719	-0-	38,719	47,015
Contributions	74,276	-0-	74,276	18,197
In-kind contributions	2,800	-0-	2,800	11,188
Investment return	(5,824)	-0-	(5,824)	13,132
Miscellaneous	2,692	-0-	2,692	9,864
Net assets released from time restrictions	<u>1,353,370</u>	<u>(1,353,370)</u>	<u>-0-</u>	<u>-0-</u>
Total support and revenues	2,205,179	(798,042)	1,407,137	1,694,557
<b>Expenses</b>				
Program services	1,744,258	-0-	1,744,258	2,498,367
Management and general	202,177	-0-	202,177	167,709
Fundraising	<u>181,343</u>	<u>-0-</u>	<u>181,343</u>	<u>169,977</u>
Total expenses	<u>2,127,778</u>	<u>-0-</u>	<u>2,127,778</u>	<u>2,836,053</u>
Change in net assets	77,401	(798,042)	(720,641)	(1,141,496)
<b>Net assets, beginning of year</b>	<u>657,538</u>	<u>1,347,045</u>	<u>2,004,583</u>	<u>3,146,079</u>
<b>Net assets, end of year</b>	<u>\$ 734,939</u>	<u>\$ 549,003</u>	<u>\$ 1,283,942</u>	<u>\$ 2,004,583</u>

*See accompanying notes to financial statements.*

**UNITED WAY OF HOWARD COUNTY, INC.**

STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2017 (AS RESTATED)

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Support and revenues</b>			
Gross campaign results	\$ 353,403	\$ 1,403,614	\$ 1,757,017
Less donor designations	3,188	41,107	44,295
Less provision for uncollectible accounts	53,697	150,655	204,352
Net campaign results	296,518	1,211,852	1,508,370
Disaster relief	-0-	19,331	19,331
Grant revenue	32,000	-0-	32,000
2-1-1 program revenue	35,460	-0-	35,460
Other program revenue	47,015	-0-	47,015
Contributions	18,197	-0-	18,197
In-kind contributions	11,188	-0-	11,188
Investment return	13,132	-0-	13,132
Miscellaneous	9,864	-0-	9,864
Net assets released from time restrictions	1,431,153	(1,431,153)	-0-
Total support and revenues	1,894,527	(199,970)	1,694,557
<b>Expenses</b>			
Program services	2,498,367	-0-	2,498,367
Management and general	167,709	-0-	167,709
Fundraising	169,977	-0-	169,977
Total expenses	2,836,053	-0-	2,836,053
Change in net assets	(941,526)	(199,970)	(1,141,496)
<b>Net assets, beginning of year</b>	1,599,064	1,547,015	3,146,079
<b>Net assets, end of year</b>	\$ 657,538	\$ 1,347,045	\$ 2,004,583

*See accompanying notes to financial statements.*

**UNITED WAY OF HOWARD COUNTY, INC.**

STATEMENTS OF FUNCTIONAL EXPENSES  
YEAR ENDED DECEMBER 31, 2018

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2017)

	2018				2017
	Program Services	Management and General	Fundraising	Total	As Restated Total
Agency allocations	\$ 1,085,864	\$ -0-	\$ -0-	\$ 1,085,864	\$ 1,553,697
Salaries	341,190	82,559	87,260	511,009	452,750
Contractors	22,253	-0-	-0-	22,253	80,173
Payroll taxes	25,335	6,131	6,480	37,946	32,038
Professional services	11,692	51,248	4,587	67,527	59,569
Disaster relief	3,154	-0-	-0-	3,154	267,000
Program supplies	41,748	-0-	-0-	41,748	14,624
Other program expenses	3,490	-0-	-0-	3,490	9,990
Insurance	5,193	7,793	-0-	12,986	12,040
Association fees	10,671	2,371	10,671	23,713	20,019
Dues and subscriptions	5,835	1,297	5,836	12,968	4,761
Campaign supplies	-0-	-0-	3,515	3,515	750
Employee benefits	82,374	19,932	21,067	123,373	126,679
Repairs and maintenance	31,358	7,588	8,020	46,966	46,097
Supplies	2,287	762	2,032	5,081	5,467
Software hosting	3,805	1,903	3,806	9,514	8,192
Postage and printing	10,551	3,517	9,378	23,446	30,467
Conferences and training	3,813	2,119	2,542	8,474	17,316
Travel and meetings	4,879	2,711	3,253	10,843	13,056
Miscellaneous	502	1,374	572	2,448	11,429
Volunteer recognition	3,335	-0-	834	4,169	5,779
Utilities	23,981	5,803	6,133	35,917	33,882
Depreciation	20,948	5,069	5,357	31,374	30,278
	<u>\$ 1,744,258</u>	<u>\$ 202,177</u>	<u>\$ 181,343</u>	<u>\$ 2,127,778</u>	<u>\$ 2,836,053</u>

*See accompanying notes to financial statements.*



**UNITED WAY OF HOWARD COUNTY, INC.**

STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED DECEMBER 31, 2017 (AS RESTATED)

	Program Services	Management and General	Fundraising	Total
Agency allocations	\$ 1,553,697	\$ -0-	\$ -0-	\$ 1,553,697
Salaries	303,342	72,440	76,968	452,750
Contractors	80,173	-0-	-0-	80,173
Payroll taxes	21,466	5,126	5,446	32,038
Professional services	29,784	23,828	5,957	59,569
Disaster relief	267,000	-0-	-0-	267,000
Program supplies	14,624	-0-	-0-	14,624
Other program expenses	9,990	-0-	-0-	9,990
Insurance	4,816	7,224	-0-	12,040
Association fees	9,008	2,002	9,009	20,019
Dues and subscriptions	2,143	476	2,142	4,761
Campaign supplies	-0-	-0-	750	750
Employee benefits	84,875	20,269	21,535	126,679
Repairs and maintenance	30,885	7,376	7,836	46,097
Supplies	2,460	820	2,187	5,467
Software hosting	3,277	1,638	3,277	8,192
Postage and printing	13,710	4,570	12,187	30,467
Conferences and training	7,792	4,329	5,195	17,316
Travel and meetings	5,875	3,264	3,917	13,056
Miscellaneous	5,839	4,082	1,508	11,429
Volunteer recognition	4,623	-0-	1,156	5,779
Utilities	22,701	5,421	5,760	33,882
Depreciation	20,287	4,844	5,147	30,278
	<u>\$ 2,498,367</u>	<u>\$ 167,709</u>	<u>\$ 169,977</u>	<u>\$ 2,836,053</u>

*See accompanying notes to financial statements.*

**UNITED WAY OF HOWARD COUNTY, INC.**

STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018	2017
	<u>          </u>	<u>          </u>
<b>Operating activities</b>		
Change in net assets	\$ (720,641)	\$ (1,141,496)
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	31,374	30,278
Non-cash contribution of property and equipment	(2,750)	(10,857)
Provision for uncollectible accounts	46,095	204,352
Reinvested interest earned on certificates of deposit	-0-	(99)
Reinvested interest earned on money market fund	(226)	(18)
Investment loss (income earned) on board designated investments	6,929	(12,187)
Changes in assets and liabilities:		
Pledges receivable	272,378	111,175
Rent receivable	-0-	3,891
Prepaid expenses	9,395	(4,227)
Accounts payable	(34,768)	12,816
Accrued wages	(21,569)	25,785
Allocations payable	(38,112)	407,969
Designations payable	44,872	(67,333)
Agency funds	<u>346</u>	<u>(83)</u>
Net cash flows from operating activities	<u>(406,677)</u>	<u>(440,034)</u>
<b>Investing activities</b>		
Purchase of equipment	(35,535)	(15,351)
Contribution to board designated investment	-0-	(8,940)
Purchase of certificates of deposit	(675,950)	(672,838)
Maturities of certificates of deposit	675,950	672,838
Distributions received from board designated investments	<u>3,924</u>	<u>3,548</u>
Net cash flows from investing activities	<u>(31,611)</u>	<u>(20,743)</u>
Net change in cash	(438,288)	(460,777)
<b>Cash, beginning of year</b>	<u>741,062</u>	<u>1,201,839</u>
<b>Cash, end of year</b>	<u>\$ 302,774</u>	<u>\$ 741,062</u>
<b>Supplemental disclosure of non-cash investing activity</b>		
Property and equipment acquired in accounts payable	\$ -0-	\$ 12,678
Contributed property and equipment	\$ 2,750	\$ 10,857

*See accompanying notes to financial statements.*

# UNITED WAY OF HOWARD COUNTY, INC.

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018 AND 2017

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### 1. NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES

#### Nature of Operations

United Way of Howard County, Inc. (the "Organization") provides funding for various programs and non-profits in Howard County, Indiana to address critical needs affecting citizens. Substantially all support is received from various individuals and businesses in Howard County and surrounding areas.

#### Management's 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. Actual results could differ from those estimates.

#### Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis, and have been prepared with a focus on the entity as a whole. Net assets, support, revenues, gains, and losses are classified based on the existence or absence of donor restrictions. Accordingly, the net assets of the Organization are classified and reported as follows:

Net assets without donor restrictions – Net assets that are not subject to donor-imposed restrictions. Also included in net assets without donor restrictions are amounts designated by the Organization's board of directors (Board).

Net assets with donor restrictions – Net assets subject to donor stipulations for specific operating purposes or time restrictions.

#### Certificates of Deposit

Certificates of deposit consist of multiple certificates from various financial institutions with maturity dates from February 2019 to October 2020 and interest rates ranging from 0.20 percent to 1.20 percent. Certificates of deposit are valued at the original cost plus accrued interest.

#### Board Designated Investments

The Board of Directors has designated certain amounts for future expenditures and investment in operations and placed it in a custodial fund with the Community Foundation of Howard County, Inc. (the "Foundation"). These investments are measured at fair value in the Statements of Financial Position. Investment income or loss, including realized and unrealized gains and losses on investments, interest, and dividends is included in investment return in the Statements of

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# UNITED WAY OF HOWARD COUNTY, INC.

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018 AND 2017

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Activities. The funds are invested in accordance with the Foundation's investment policy.

The Organization transferred assets to the Foundation and retained a beneficial interest in those assets. The Organization is to receive a grant annually based upon the Foundation's spending policy. The Organization has granted variance power to the Foundation to carry out the purpose of the designated endowment created by the initial transfer.

### Pledges Receivable

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Pledges and contributions received and committed for subsequent years from the annual fund drive held late in the calendar year are recorded as net assets with donor restrictions due to time restriction. These amounts are reflected as net assets released from restrictions during the program year for which the funds were designated.

The Organization uses the allowance method to determine the uncollectible unconditional promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises made. Receivables are considered uncollectible if (1) over two years outstanding or (2) management has reasons to believe specified amounts will not be collected, usually based on confirmation from donors.

### Property and Equipment

Property and equipment, including expenditures that substantially increase the useful lives of existing assets, are recorded at cost except for donations, which are recorded at fair value at the date of the donation. Costs of ordinary maintenance and repairs are expensed as incurred.

Property and equipment of the Organization are being depreciated over their estimated useful lives ranging from five to thirty-nine years using the straight line method.

### Agency Funds

The Organization serves as fiscal agent of funds for another organization. The amounts are reported as an agency funds in the Statements of Financial Position.

### Support, Revenues and Expense Recognition

Contributions are recognized as support in the period the promise is made.

Support and revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law.

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# UNITED WAY OF HOWARD COUNTY, INC.

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018 AND 2017

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All other revenues are recorded when earned.

### In-Kind Contributions

In addition to receiving cash contributions, the Organization receives in-kind contributions of services from various donors. It is the policy of the Organization to record the estimated fair value of certain in-kind donations as an expense in its financial statements, and similarly increase contribution revenue by a like amount. Contributions of services are recognized as revenue at their estimated fair value only when the services received create or enhance nonfinancial assets or require specialized skills possessed by the individuals providing the service and the service would typically need to be purchased if not donated. For the years ended December 31, 2018 and 2017, revenue recognized as in-kind contributions totaled \$50 and \$331, respectively. In addition, the Organization received donated property and equipment of \$2,750 and \$10,857 during the years ended December 31, 2018 and 2017, respectively.

### Functional Allocation of Expenses

The costs of providing the various programs and supporting services have been summarized on a functional basis in the Statements of Activities and Statements of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

The financial statements report expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. All expenses are allocated on the basis of time, effort and usage. While the methods of allocation are considered appropriate, other methods could produce different results.

### Income Taxes

The Organization is an Indiana non-profit corporation and has obtained exemption from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. In addition, the Organization has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of the Section 509(a) of the Internal Revenue Code.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Organization and recognize a tax liability if the Organization has taken an uncertain position that more likely than not would not be sustained upon examination by various federal and state taxing authorities. Management has analyzed the tax positions taken by the Organization, and has concluded that as of December 31, 2018 and 2017 there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the accompanying financial statements. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

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# UNITED WAY OF HOWARD COUNTY, INC.

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018 AND 2017

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As such, the Organization is generally exempt from income taxes. However, the Organization is required to file Federal Form 990 – Return of Organization Exempt from Income Tax which is an informational return only.

### Going Concern Evaluation

Management evaluates whether there are conditions or events that raise substantial doubt about the Organization’s ability to continue as a going concern for a period of one year from the date the financial statements are available to be issued.

### Reclassification

Certain prior year amounts have been reclassified to conform to the current method of presentation.

### Subsequent Events

The Organization has evaluated events or transactions occurring subsequent to the Statement of Financial Position date for recognition and disclosure in the accompanying financial statements through the date the financial statements are available to be issued, which is April 16, 2020.

## **2. CHANGE IN ACCOUNTING PRINCIPLE AND PRIOR PERIOD ADJUSTMENT**

Effective January 1, 2018, the Organization adopted the Financial Accounting Standards Board’s Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. The ASU simplifies and improves how a not-for-profit organization classifies its net assets, as well as information it presents in the financial statements and notes about its liquidity, financial performance and cash flows. The Organization has adjusted the presentation of its 2018 financial statements herein and retrospectively restated the prior year financial statements. In addition to changes in terminology used to describe categories of net assets throughout the financial statements, new disclosures were added regarding liquidity and the availability of resources (Note 10), and disclosures related to the functional allocation of expenses were expanded (Note 1).

**UNITED WAY OF HOWARD COUNTY, INC.**

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018 AND 2017

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The impact of the adoption of ASU No. 2016-14 on the Organization's net assets is as follows:

Statement of Financial Position

	As previously stated, December 31, 2017	Adjustment	As restated December 31, 2017
	<u>2017</u>	<u>Adjustment</u>	<u>2017</u>
Unrestricted net assets	\$ 657,538	\$ (657,538)	\$ -0-
Temporarily restricted net assets	1,313,545	(1,313,545)	-0-
Without donor restrictions	-0-	657,538	657,538
With donor restrictions	<u>-0-</u>	<u>1,347,045</u>	<u>1,347,045</u>
 Total net assets	 <u>\$ 1,971,083</u>	 <u>\$ 33,500</u>	 <u>\$ 2,004,583</u>

Statement of Activities

	As previously stated, December 31, 2017	Adjustment	As restated December 31, 2017
	<u>2017</u>	<u>Adjustment</u>	<u>2017</u>
Changes in unrestricted net assets	\$ (941,526)	\$ 941,526	\$ -0-
Changes in temporarily restricted net assets	(233,470)	233,470	-0-
Changes in net assets without donor restrictions	-0-	(941,526)	(941,526)
Changes in net assets with donor restrictions	<u>-0-</u>	<u>(199,970)</u>	<u>(199,970)</u>
 Total changes in net assets	 <u>\$ (1,174,996)</u>	 <u>\$ 33,500</u>	 <u>\$ (1,141,496)</u>

There was no significant impact to the statement of cash flows as a result of adopting this ASU.

**UNITED WAY OF HOWARD COUNTY, INC.**

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018 AND 2017

In addition, the Organization identified a correction needed to properly record designations payable as of December 31, 2017. Designations of \$33,500 pledged as part of the 2017 campaign were paid prior to December 31, 2017; therefore, should not have been included in designations payable. The impact of this correction was included in the above ASU 2016-14 restatement tables but the detail of these changes reflected in the financial statements as of and for the year ended December 31, 2017 are further detailed below:

	2017 as Previously Recorded	Correction	2017 As Restated
Statement of Financial Position			
Designations payable	\$ 51,779	\$ (33,500)	\$ 18,279
Net assets with donor restrictions	1,313,545	33,500	1,347,045
Statement of Activities			
Gross campaign results with donor restrictions	1,370,114	33,500	1,403,614
Change in net assets with donor restrictions	(233,470)	33,500	(199,970)

**3. PLEDGES RECEIVABLE, NET**

An analysis of pledges receivable at December 31, 2018 and 2017 are as follows:

	<u>2018</u>	<u>2017</u>
2016 Campaign due during the year ended December 31, 2017	\$ -0-	\$ 420,985
2017 Campaign due during the year ended December 31, 2018	633,303	1,099,966
2018 Campaign due during the year ended December 31, 2019	<u>357,692</u>	<u>-0-</u>
Totals	990,995	1,520,951
Less allowance for uncollectible pledges	<u>196,263</u>	<u>407,746</u>
	<u>\$ 794,732</u>	<u>\$ 1,113,205</u>

The campaign conducted during the fall of 2017 with pledges due in 2018 is referred to as the 2017 campaign, and the campaign conducted during the fall of 2018 with pledges due in 2019 is referred to as the 2018 campaign.



# UNITED WAY OF HOWARD COUNTY, INC.

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018 AND 2017

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### 4. FAIR VALUE MEASUREMENTS

Effective January 1, 2018, the Organization early adopted the Financial Accounting Standards Board's Accounting Standards Update (ASU) 2018-13, Fair Value Measurement (Topic 820): Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement. The amendments in this ASU removed certain disclosure requirements in Topic 820. As such, the fair value measurement disclosures for 2017 have been restated for these changes.

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques 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) and the lowest priority to unobservable inputs (level 3).

The three levels of the fair value hierarchy are described as follows:

- Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.
- Level 2: Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.
- Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2018 and 2017.

- *Money market fund*: Generally transact subscription and redemption at a \$1 stable net asset value (NAV); however, on a daily basis the funds are valued at their daily NAV calculated using the amortized cost of the securities held in the fund.
- *Board designated investments*: Valued at fair value as reported by the Foundation, which represents the Organization's pro-rata interest in the Foundation's investment pool, substantially all of which are valued on a mark-to-market basis.

**UNITED WAY OF HOWARD COUNTY, INC.**

NOTES TO FINANCIAL STATEMENTS  
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The following table sets forth by level, within the hierarchy, the Organization's assets measured at fair value on a recurring basis as of December 31, 2018.

	2018		
	<u>Fair Value</u>	<u>Level 2</u>	<u>Level 3</u>
Money market fund	\$ 41,981	\$ 41,981	\$ -0-
Board designated investments	<u>108,070</u>	<u>-0-</u>	<u>108,070</u>
	<u>\$ 150,051</u>	<u>\$ 41,981</u>	<u>\$ 108,070</u>
	2017		
	<u>Fair Value</u>	<u>Level 2</u>	<u>Level 3</u>
Money market fund	\$ 41,755	\$ 41,755	\$ -0-
Board designated investments	<u>118,923</u>	<u>-0-</u>	<u>118,923</u>
	<u>\$ 160,678</u>	<u>\$ 41,755</u>	<u>\$ 118,923</u>

The following is a reconciliation of activity for assets measured at fair value based upon significant unobservable inputs (Level 3):

	<u>2018</u>	<u>2017</u>
Beginning balance	\$ 118,923	\$ 101,344
Contributions	-0-	8,940
Investment return, net	(6,929)	12,187
Grant payments	<u>(3,924)</u>	<u>(3,548)</u>
	<u>\$ 108,070</u>	<u>\$ 118,923</u>

**UNITED WAY OF HOWARD COUNTY, INC.**

NOTES TO FINANCIAL STATEMENTS  
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**5. PROPERTY AND EQUIPMENT**

A summary of property and equipment at December 31, 2018 and 2017 is as follows:

	<u>2018</u>	<u>2017</u>
Building and improvements	\$ 787,419	\$ 769,134
Office furniture and equipment	44,762	44,762
Website	<u>20,000</u>	<u>-0-</u>
	852,181	813,896
Less accumulated depreciation	<u>612,155</u>	<u>580,781</u>
	<u>\$ 240,026</u>	<u>\$ 233,115</u>

**6. ALLOCATIONS PAYABLE**

Allocations payable as of December 31, 2018 and 2017 were \$543,842 and \$581,954, respectively. These amounts represent allocations approved by the Board and payable to member agencies to assist them in their operations and cause. The total amount recorded as payable as of December 31, 2018 is expected to be paid in 2019.

**7. DESIGNATIONS PAYABLE**

Designations payable as of December 31, 2018 and 2017 were \$63,151 and \$18,279, respectively. These amounts consist of donor designations payable to multiple not-for-profit agencies both within and outside of Howard County to assist them in their operations and cause. The total amount recorded as payable as of December 31, 2018 is expected to be paid in 2019 and 2020.

**UNITED WAY OF HOWARD COUNTY, INC.**

NOTES TO FINANCIAL STATEMENTS  
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**8. NET ASSETS WITH DONOR RESTRICTIONS AND NET ASSETS RELEASED FROM RESTRICTIONS**

Net assets with donor restrictions at December 31, 2018 and 2017 are available to the following purposes or periods:

	<u>2018</u>	<u>2017</u> As Restated
Restricted to future time period	\$ 363,242	\$ 1,211,852
Restricted for the following purposes:		
Education and capacity investment	53,722	-0-
Disaster relief	<u>132,039</u>	<u>135,193</u>
	<u>\$ 549,003</u>	<u>\$ 1,347,045</u>

Net assets released from restrictions consist of the following during the years ended December 31, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Released from time restrictions	\$ 1,211,852	\$ 1,164,153
Released from purpose restrictions:		
Education and capacity investment	138,364	-0-
Disaster relief	<u>3,154</u>	<u>267,000</u>
	<u>\$ 1,353,370</u>	<u>\$ 1,431,153</u>

**9. RETIREMENT PLAN**

The Organization maintains a defined contribution retirement plan under IRS Code Section 403(b). The Organization contributes 5% of an employee's salary. Contributions totaling \$18,941 and \$16,488 were made for the years ending December 31, 2018 and 2017, respectively.

**10. LIQUIDITY AND AVAILABILITY**

As a fundraising entity, the Organization receives significant contributions each year from donors, which are available to meet annual cash needs for general expenditures. Allocations to agencies are paid monthly over a 12-month period. During that same 12-month period, additional contributions are received from donors.

# UNITED WAY OF HOWARD COUNTY, INC.

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018 AND 2017

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Financial assets available for general expenditures within one year of the Statement of Financial Position date comprise the following:

Cash	\$ 170,735
Certificates of deposit	338,390
Money market fund	41,981
Pledges receivable, net	<u>728,159</u>
	<u>\$ 1,279,265</u>

The pledges receivable are subject to implied time restrictions but are expected to be collected within one year. None of the financial assets above are subject to donor or other contractual restrictions that make them unavailable.

### 11. CONCENTRATIONS

The Organization is exposed to concentrations of credit risk for pledge amounts due to the vast majority of donors residing in Howard County, Indiana. Although the Organization is directly affected by the well-being of the economy of Howard County, management does not believe significant credit risk exists at December 31, 2018.

The Organization maintains its cash and certificates of deposit in bank deposit accounts insured by the Federal Deposit Insurance Corporation at its current coverage levels. The Organization has not experienced any losses in such accounts. The Organization believes it is not exposed to any significant credit risk on cash and certificates of deposit.

The Organization has one employer that accounted for approximately 46% and 68% of pledges receivable at December 31, 2018 and 2017, respectively, and accounted for approximately 1% and 49% of total revenue during the years ended December 31, 2018 and 2017, respectively.

### 12. RECENTLY ISSUED ACCOUNTING STANDARDS

On May 28, 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. The core principle of this new guidance is that "an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services". On August 12, 2015, the FASB further amended this guidance and issued ASU No. 2015-14, *Revenue from Contracts with Customers (Topic 606)*, which deferred the effective date for all entities by one year. These new standards, which the Organization is not required to adopt until its year ending December 31, 2019, deal with the timing of reporting revenues from contracts with customers, and disclosures related thereto.

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## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018 AND 2017

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On June 21, 2018, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The amendments in this ASU clarify and improve current guidance about whether a transfer of assets (or the reduction, settlement, or cancellation of liabilities) is a contribution or an exchange transaction. The amendments clarify how an entity determines whether a resource provider is participating in an exchange transaction by evaluating whether the resource provider is receiving commensurate value in return for the resources transferred. Additionally, the amendments in this ASU require that an entity determine whether a contribution is conditional on the basis of whether an agreement includes a barrier that must be overcome and either a right of return of assets transferred or a right of release of a promisor's obligation to transfer assets. Finally, ASU 2018-08 amends the "simultaneous release accounting policy" to allow a not-for-profit entity to recognize a restricted contribution directly in unrestricted net assets/net assets without donor restrictions if the restriction is met in the same period that revenue is recognized. The Organization will be required to adopt this new standard in the year ending December 31, 2019.

The Organization is presently evaluating the effects that these ASUs will have on its future financial statements, including related disclosures.

### **13. SUBSEQUENT EVENTS**

On March 11, 2020, the World Health Organization declared Coronavirus (COVID-19) a pandemic. The continued spread of COVID-19, or any similar outbreaks in the future, may adversely impact the local, regional, national and global economies. The extent to which COVID-19 impacts the Organization's operating results is dependent on the breadth and duration of the pandemic and could be affected by other factors management is not currently able to predict. Potential impacts include, but are not limited to, additional costs for responding to COVID-19, increase demand for grants, and delays, loss of, or reduction to revenue, contributions and funding. Management believes the Organization is taking appropriate actions to respond to the pandemic, however, the full impact is unknown and cannot be reasonably estimated at the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

**UNITED WAY OF HOWARD COUNTY, INC.**

SCHEDULES OF ALLOCATIONS TO AGENCIES  
YEARS ENDED DECEMBER 31, 2018 AND 2017

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Agency	2018	2017
American Red Cross	\$ 67,000	\$ 100,000
Bona Vista	121,500	186,667
Boy Scouts	45,000	88,604
Carver Center	85,335	135,715
CASA	42,823	63,440
Food Finders	60,000	66,667
Family Service Association	247,181	333,820
Girl Scouts	27,500	36,667
Literacy Coalition	45,095	66,808
Mental Health America	88,675	105,333
Project Access	83,555	106,667
Salvation Army	30,000	53,333
Samaritan Caregivers	43,200	57,600
YMCA	99,000	152,376
	<u>\$ 1,085,864</u>	<u>\$ 1,553,697</u>