



**United Way of East Central Iowa, Inc.
and Related Entities**

Consolidated Financial Report
June 30, 2018

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Independent Auditor's Report

RSM US LLP

Board of Directors
United Way of East Central Iowa, Inc.

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of the United Way of East Central Iowa, Inc. and its related entities (the Organization) which comprise the consolidated statements of financial position as of June 30, 2018 and 2017, the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements (collectively, 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 June 30, 2018 and 2017, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The consolidating information is presented for purposes of additional analysis rather than to present the financial position and results of operations of the individual entities 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 consolidating information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

RSM US LLP

Cedar Rapids, Iowa
September 27, 2018

United Way of East Central Iowa, Inc. and Related Entities

Consolidated Statements of Financial Position
June 30, 2018 and 2017

	2018	2017
Assets		
Cash and cash equivalents	\$ 1,526,233	\$ 1,520,350
Certificates of deposit	3,027,722	3,375,000
Receivables:		
Pledges, net	3,350,382	3,422,924
Accrued interest	16,267	28,096
Kirkwood note	145,631	287,020
Miscellaneous	383,068	125,821
Prepaid expenses	57,222	95,490
Investments	2,032,162	1,912,108
Property and equipment, net	11,717,094	12,065,320
	<u>11,717,094</u>	<u>12,065,320</u>
Total assets	\$ 22,255,781	\$ 22,832,129
Liabilities and Net Assets		
Liabilities:		
Allocations and grants payable:		
Agency allocations	\$ 5,043,138	\$ 5,121,910
Initiative fund grants	797,905	825,269
Donor designations	364,846	335,118
Accounts payable	568,650	185,433
Accrued expenses	301,345	347,096
Total liabilities	7,075,884	6,814,826
Net assets:		
Unrestricted:		
Undesignated	6,162,482	7,016,377
Designated	701,664	669,969
Total unrestricted	6,864,146	7,686,346
Temporarily restricted	7,837,101	7,867,307
Permanently restricted	478,650	463,650
Total net assets	15,179,897	16,017,303
	<u>15,179,897</u>	<u>16,017,303</u>
Total liabilities and net assets	\$ 22,255,781	\$ 22,832,129
	<u>\$ 22,255,781</u>	<u>\$ 22,832,129</u>

See notes to consolidated financial statements.

United Way of East Central Iowa, Inc. and Related Entities

Consolidated Statements of Activities
Years Ended June 30, 2018 and 2017

	2018			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Support and revenue:				
Campaign results in prior period, released from restriction	\$ 384,415	\$ (384,415)	\$ -	\$ -
Gross campaign results in current period	7,793,782	812,042	-	8,605,824
Less donor designations	1,116,009	-	-	1,116,009
Campaign revenue	6,677,773	812,042	-	7,489,815
Less provision for uncollectible pledges	213,700	-	-	213,700
Net campaign revenue in current period	6,464,073	812,042	-	7,276,115
Total net campaign revenue	6,848,488	427,627	-	7,276,115
Other contributions	552,395	54,751	15,000	622,146
Donor designation fees	121,308	-	-	121,308
Investment income	164,119	97,108	-	261,227
Rental income	365,791	-	-	365,791
Special events	30,829	-	-	30,829
Sponsorships	20,649	150,498	-	171,147
Miscellaneous income	50,494	-	-	50,494
Net assets released from restrictions	760,190	(760,190)	-	-
Total support and revenue	8,914,263	(30,206)	15,000	8,899,057
Expenses:				
Program services:				
Allocation Services	5,313,981	-	-	5,313,981
Labor Community Services	34,825	-	-	34,825
Community Building	468,373	-	-	468,373
Volunteer Management	273,152	-	-	273,152
55+ Program	79,885	-	-	79,885
Youth Achievement AmeriCorps	143,296	-	-	143,296
Volunteer Income Tax Assistance	85,051	-	-	85,051
Reading into Success	143,966	-	-	143,966
spark*5	405,300	-	-	405,300
FCFH	380,005	-	-	380,005
Total program services	7,327,834	-	-	7,327,834
Supporting activities:				
Organizational administration	678,988	-	-	678,988
Fundraising	865,405	-	-	865,405
Marketing and communications	96,211	-	-	96,211
HSC	768,025	-	-	768,025
Total supporting activities	2,408,629	-	-	2,408,629
Total expenses	9,736,463	-	-	9,736,463
Change in net assets	(822,200)	(30,206)	15,000	(837,406)
Net assets:				
Beginning	7,686,346	7,867,307	463,650	16,017,303
Ending	\$ 6,864,146	\$ 7,837,101	\$ 478,650	\$ 15,179,897

See notes to consolidated financial statements.

2017

Unrestricted	Temporarily Restricted	Permanently Restricted	Total
\$ 490,071	\$ (490,071)	\$ -	\$ -
8,626,094	384,415	-	9,010,509
1,100,190	-	-	1,100,190
7,525,904	384,415	-	7,910,319
224,187	-	-	224,187
7,301,717	384,415	-	7,686,132
7,791,788	(105,656)	-	7,686,132
613,773	57,740	30,000	701,513
95,218	-	-	95,218
172,651	102,010	-	274,661
363,253	-	-	363,253
29,688	-	-	29,688
30,849	164,166	-	195,015
63,717	-	-	63,717
798,905	(798,905)	-	-
9,959,842	(580,645)	30,000	9,409,197
5,457,864	-	-	5,457,864
32,732	-	-	32,732
578,178	-	-	578,178
240,701	-	-	240,701
77,663	-	-	77,663
273,503	-	-	273,503
47,436	-	-	47,436
67,191	-	-	67,191
-	-	-	-
433,501	-	-	433,501
7,208,769	-	-	7,208,769
675,279	-	-	675,279
924,839	-	-	924,839
103,649	-	-	103,649
774,484	-	-	774,484
2,478,251	-	-	2,478,251
9,687,020	-	-	9,687,020
272,822	(580,645)	30,000	(277,823)
7,413,524	8,447,952	433,650	16,295,126
\$ 7,686,346	\$ 7,867,307	\$ 463,650	\$ 16,017,303

United Way of East Central Iowa, Inc. and Related Entities

Consolidated Statements of Functional Expenses
Year Ended June 30, 2018

	Program Services										Total Program Services	
	Allocation Services	Labor Community Services	Community Building	Volunteer Management	55+ Program	Youth Achievement AmeriCorps	Volunteer Income Tax Assistance	Reading into Success	spark*5	FCFH		
Allocations and awards	\$ 6,018,354	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,018,354
Less donor designations	1,282,411	-	-	-	-	-	-	-	-	-	-	1,282,411
	4,735,943	-	-	-	-	-	-	-	-	-	-	4,735,943
Initiative fund grants	578,038	-	-	-	-	-	-	-	-	293,050	-	871,088
Subtotal	5,313,981	-	-	-	-	-	-	-	-	293,050	-	5,607,031
Salaries	-	24,464	280,180	130,831	49,901	109,141	36,262	26,614	120,936	29,666	-	807,995
Payroll taxes	-	1,534	21,409	9,986	3,665	8,676	2,614	1,893	8,867	2,284	-	60,928
Employee benefits	-	1,969	8,618	11,012	3,997	2,452	5,911	2,198	11,295	5,736	-	53,188
Retirement	-	2,633	21,953	3,651	2,660	8,616	699	2,452	18,095	-	-	60,759
Subtotal	-	30,600	332,160	155,480	60,223	128,885	45,486	33,157	159,193	37,686	-	982,870
Contract services	-	241	57,403	1,692	610	484	18,571	68,733	221,887	1,275	-	370,896
Supplies	-	269	2,930	1,981	293	718	3,211	4,102	698	19	-	14,221
Telephone	-	253	2,972	1,780	641	509	884	275	1,066	1,585	-	9,965
Postage and shipping	-	17	203	244	284	76	161	282	138	123	-	1,528
Donated services and materials	-	-	-	-	-	795	-	18,986	-	20,593	-	40,374
Occupancy	-	102	2,991	1,317	1,044	570	270	257	1,134	-	-	7,685
Repairs and maintenance	-	22	2,378	1,064	55	44	22	24	92	7,014	-	10,715
Transportation	-	55	764	33,564	228	21	660	77	294	402	-	36,065
Conferences	-	1,082	10,193	2,705	4,036	2,758	33	10,090	7,604	-	-	38,501
Organizational dues	-	684	261	419	361	328	24	26	101	560	-	2,764
Publications, printing, subscriptions	-	243	8,469	3,853	1,298	988	2,335	3,709	2,894	4,634	-	28,423
Awards	-	-	109	2,906	4,998	1,655	-	-	-	-	-	9,668
Interest	-	-	-	-	-	-	-	-	-	-	-	-
Special projects	-	39	422	38,523	98	78	924	421	163	-	-	40,668
Advertising	-	91	1,855	3,540	230	893	601	911	383	-	-	8,504
Miscellaneous	-	55	910	2,205	138	68	1,986	838	746	283	-	7,229
Computer expenses	-	705	7,793	9,355	3,569	1,419	8,470	767	2,972	12,781	-	47,831
Depreciation	-	367	15,478	3,555	1,779	3,007	1,413	1,311	5,935	-	-	32,845
Payments to affiliates (UWW)	-	-	21,082	8,969	-	-	-	-	-	-	-	30,051
Subtotal	-	4,225	136,213	117,672	19,662	14,411	39,565	110,809	246,107	49,269	-	737,933
Total expenses	\$ 5,313,981	\$ 34,825	\$ 468,373	\$ 273,152	\$ 79,885	\$ 143,296	\$ 85,051	\$ 143,966	\$ 405,300	\$ 380,005	\$ -	\$ 7,327,834

See notes to consolidated financial statements.

Supporting Activities					
Organizational Administration	Fund-raising	Marketing and Communications	HSC	Total Supporting Activities	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,018,354
-	-	-	-	-	1,282,411
-	-	-	-	-	4,735,943
-	-	-	-	-	871,088
-	-	-	-	-	5,607,031
424,578	455,484	54,587	-	934,649	1,742,644
28,455	33,547	3,620	-	65,622	126,550
24,185	36,053	3,531	-	63,769	116,957
36,039	37,900	2,830	-	76,769	137,528
513,257	562,984	64,568	-	1,140,809	2,123,679
52,852	8,274	2,784	82,570	146,480	517,376
3,635	2,324	1,038	3,955	10,952	25,173
4,370	5,713	677	-	10,760	20,725
2,555	2,495	57	-	5,107	6,635
-	87,014	-	-	87,014	127,388
2,912	3,235	551	241,027	247,725	255,410
6,464	3,892	584	110,364	121,304	132,019
171	681	54	-	906	36,971
7,294	5,374	4,218	-	16,886	55,387
475	2,062	741	-	3,278	6,042
6,977	57,406	2,256	-	66,639	95,062
150	1,817	215	-	2,182	11,850
14,806	-	-	-	14,806	14,806
647	46,777	104	-	47,528	88,196
2,725	9,756	3,534	-	16,015	24,519
1,880	3,065	436	254	5,635	12,864
11,871	12,678	6,504	-	31,053	78,884
13,655	15,360	2,715	329,855	361,585	394,430
32,292	34,498	5,175	-	71,965	102,016
165,731	302,421	31,643	768,025	1,267,820	2,005,753
\$ 678,988	\$ 865,405	\$ 96,211	\$ 768,025	\$ 2,408,629	\$ 9,736,463

United Way of East Central Iowa, Inc. and Related Entities

**Consolidated Statements of Functional Expenses
Year Ended June 30, 2017**

	Program Services									Total Program Services	
	Allocation Services	Labor Community Services	Community Building	Volunteer Management	55+ Program	Youth Achievement AmeriCorps	Volunteer Income Tax Assistance	Reading into Success	FCFH		
Allocations and awards	\$ 5,922,118	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,922,118
Less donor designations	1,100,190	-	-	-	-	-	-	-	-	-	1,100,190
	4,821,928	-	-	-	-	-	-	-	-	-	4,821,928
Initiative fund grants	635,936	-	-	-	-	-	-	-	323,981	-	959,917
Subtotal	5,457,864	-	-	-	-	-	-	-	323,981	-	5,781,845
Salaries	-	22,075	352,885	120,116	45,385	203,819	16,342	26,483	46,651	-	833,756
Payroll taxes	-	1,505	26,037	9,269	3,419	16,652	1,199	1,806	3,720	-	63,607
Employee benefits	-	1,917	29,768	10,120	3,743	4,338	1,723	2,206	6,772	-	60,587
Retirement	-	2,559	32,167	3,959	4,263	10,655	833	1,978	-	-	56,414
Subtotal	-	28,056	440,857	143,464	56,810	235,464	20,097	32,473	57,143	-	1,014,364
Contract services	-	108	24,815	675	288	299	11,393	3,857	1,275	-	42,710
Supplies	-	87	2,445	1,504	275	1,074	4,439	5,159	24	-	15,007
Telephone	-	204	3,818	1,350	544	564	227	3	1,841	-	8,551
Postage and shipping	-	26	235	132	236	36	74	-	61	-	800
Donated services and materials	-	-	-	-	230	20,036	-	-	27,095	-	47,361
Occupancy	-	76	2,578	1,061	912	328	146	2	-	-	5,103
Repairs and maintenance	-	29	3,456	938	76	79	32	-	7,014	-	11,624
Transportation	-	389	2,037	35,285	267	438	414	79	1,569	-	40,478
Conferences	-	1,408	12,181	2,165	7,388	3,556	591	14,988	1,968	-	44,245
Organizational dues	-	671	318	366	324	276	21	-	550	-	2,526
Publications, printing, subscriptions	-	118	10,183	2,903	1,552	1,100	3,609	1,592	2,576	-	23,633
Awards	-	-	152	2,818	1,879	1,518	1,427	-	-	-	7,794
Interest	-	-	-	-	-	-	-	-	-	-	-
Special projects	-	19	549	21,306	51	53	659	3,295	-	-	25,932
Advertising	-	320	6,023	5,905	1,119	3,723	1,106	5,038	-	-	23,234
Miscellaneous	-	48	4,308	1,686	155	659	1,249	480	1,082	-	9,667
Computer expenses	-	836	14,500	7,383	3,832	2,314	1,024	215	7,322	-	37,426
Depreciation	-	337	16,994	3,373	1,726	1,984	925	10	-	-	25,349
Payments to affiliates (UWW)	-	-	32,730	8,384	-	-	-	-	-	-	41,114
Subtotal	-	4,676	137,321	97,237	20,853	38,039	27,339	34,718	52,377	-	412,554
Total expenses	\$ 5,457,864	\$ 32,732	\$ 578,178	\$ 240,701	\$ 77,663	\$ 273,503	\$ 47,436	\$ 67,191	\$ 433,501	\$ -	\$ 7,208,763

See notes to consolidated financial statements.

Supporting Activities				Total	
Organizational Administration	Fund-raising	Marketing and Communications	HSC	Supporting Activities	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,922,118
-	-	-	-	-	1,100,190
-	-	-	-	-	4,821,928
-	-	-	-	-	959,917
-	-	-	-	-	5,781,845
397,678	496,964	59,210	-	953,852	1,787,608
27,753	38,154	4,559	-	70,466	134,073
16,889	37,584	3,714	-	58,187	118,774
43,141	40,566	2,179	-	85,886	142,300
485,461	613,268	69,662	-	1,168,391	2,182,755
53,529	3,406	3,433	75,610	135,978	178,688
2,290	2,319	1,206	4,964	10,779	25,786
3,109	4,017	377	-	7,503	16,054
2,777	3,067	151	-	5,995	6,795
-	82,931	-	-	82,931	130,292
2,106	2,296	344	239,079	243,825	248,928
6,116	3,532	426	111,433	121,507	133,131
1,332	705	139	-	2,176	42,654
10,383	4,429	3,932	-	18,744	62,989
756	820	554	-	2,130	4,656
7,086	39,930	5,096	-	52,112	75,745
248	2,285	-	-	2,533	10,327
11,665	-	-	-	11,665	11,665
21,410	59,333	880	-	81,623	107,555
7,594	35,341	3,134	-	46,069	69,303
2,151	4,475	637	16,389	23,652	33,319
11,775	13,188	7,104	-	32,067	69,493
14,039	15,332	2,456	327,009	358,836	384,185
31,458	34,165	4,118	-	69,741	110,855
189,818	311,571	33,987	774,484	1,309,866	1,722,420
\$ 675,279	\$ 924,839	\$ 103,649	\$ 774,484	\$ 2,478,257	\$ 9,687,020

United Way of East Central Iowa, Inc. and Related Entities

Consolidated Statements of Cash Flows
Years Ended June 30, 2018 and 2017

	2018	2017
Cash flows from operating activities:		
Change in net assets	\$ (837,406)	\$ (277,823)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	394,430	384,185
Loss on disposal of property and equipment	-	16,275
Noncash reinvested investment income	(34,809)	(28,334)
Net change in fair value of investments	(106,675)	(130,853)
Change in beneficial interest in assets held by community foundation	(22,163)	(30,276)
Permanently restricted contributions received	(15,000)	(30,000)
Changes in assets and liabilities:		
(Increase) decrease in receivables	(172,876)	224,866
Decrease (increase) in prepaid expenses	38,268	(35,732)
(Decrease) in allocations and grants payable	(76,408)	(1,253,788)
Increase in accounts payable	383,217	25,158
(Decrease) in accrued expenses	(45,751)	(138,767)
Net cash used in operating activities	(495,173)	(1,275,089)
Cash flows from investing activities:		
Proceeds from sales of investments	569,324	193,159
Purchases of investments	(540,896)	(185,830)
Redemptions of certificates of deposit	2,550,000	2,475,000
Purchase of certificates of deposit	(2,202,722)	(2,525,000)
Distributions from beneficial interest in assets held by community foundation	15,165	15,429
Proceeds from Kirkwood note	141,389	137,272
Purchase of property and equipment	(46,204)	(58,673)
Net cash provided by investing activities	486,056	51,357
Cash flows provided by financing activities, permanently restricted contributions received	15,000	30,000
Net increase (decrease) in cash and cash equivalents	5,883	(1,193,732)
Cash and cash equivalents:		
Beginning	<u>1,520,350</u>	<u>2,714,082</u>
Ending	<u>\$ 1,526,233</u>	<u>\$ 1,520,350</u>

See notes to consolidated financial statements.

United Way of East Central Iowa, Inc. and Related Entities

Notes to Consolidated Financial Statements

Note 1. Nature of Business and Significant Accounting Policies

Reporting entity: The accompanying financial statements include the accounts of United Way of East Central Iowa, Inc. (UWECI) and its affiliated organizations, Human Services Campus, L.L.C (HSC) and FCFH-Iowa, Inc. (FCFH).

UWECI is a perpetual, nonprofit corporation created under the provisions of the Iowa Nonprofit Corporation Act. The objective of UWECI is to provide a means by which contributions can be made annually in gifts and pledges to charitable health and welfare organizations, to provide for the budgeting and allocation of funds derived from said gifts and pledges to tax-exempt agencies and to provide for the planning of health, welfare and other services in order to most efficiently meet the needs of the community and the area.

HSC was a perpetual, nonprofit corporation created as a nonprofit membership corporation in the state of Iowa, effective July 8, 2009. On April 22, 2016, HSC became a limited liability company, with UWECI as the sole member.

FCFH is a perpetual, nonprofit corporation created under the provisions of the Iowa Nonprofit Corporation Act. The organization was established April 29, 2004 and the Board of Directors was made up of several members, which included one member from UWECI. Effective July 16, 2009, UWECI is the sole member of FCFH, and therefore, has been consolidated. The objective of FCFH is to organize, develop, operate and promote a centralized information, referral and helpline serving multiple health and human services needs on a regional basis through a tax-exempt, nonprofit entity.

Collectively, UWECI, HSC and FCFH are referred to as the Organization.

The Organization's fiscal year ends on June 30. Significant accounting policies followed by the Organization are presented below.

Significant accounting policies:

Consolidation: The financial statements include the accounts of UWECI and its related parties discussed above. All significant intercompany balances and transactions have been eliminated.

Accounting estimates: The preparation of financial statements in conformity with generally accepted accounting principles (U.S. GAAP) 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, expenses, gains, losses and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Basis of presentation: The Organization presents its financial statements based on guidance established for external reporting by not-for-profit organizations which requires that resources be classified for accounting and reporting purposes into net asset categories according to externally (donor) imposed restrictions.

United Way of East Central Iowa, Inc. and Related Entities

Notes to Consolidated Financial Statements

Note 1. Nature of Business and Significant Accounting Policies (Continued)

Net assets: Net assets are classified based on the existence or absence of donor-imposed restrictions. The following is a description of each class:

Unrestricted net assets includes all net assets which are neither temporarily or permanently restricted. If the Board of Directors specifies a purpose where none have been stated by the original donor, such funds are classified as designated unrestricted funds.

Temporarily restricted net assets includes contributed net assets for which donor-imposed time and purpose restrictions have not been met and the ultimate purpose of the contribution is not permanently restricted. For donor-restricted endowment funds, the Organization classifies the portion of the fund in excess of the permanently restricted amounts as temporarily restricted until appropriated for expenditure by the Organization.

Permanently restricted net assets includes contributions and other inflows of assets whose use by the Organization is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Organization.

Description of programs:

Allocation Services. To actively establish and monitor policies and procedures for the operations of the following allocation services: partner agency funding, initiative funding and, when applicable, specific project funding needs assessments, along with the knowledge of the Organization volunteers and staff, aid in the allocation of resources to assist our community.

Labor Community Services. The purpose of this program is to educate union workers about available local services and to refer and assist them in accessing those services. The program coordinates dislocated worker programs and supports and participates in resource development within the labor community.

Community Building. This service focuses on studying the communities' needs. Significant staff time and other resources are committed to learning more about our region's demographics, economic condition and perceptions of our communities' quality of life. The reports and studies that are produced are used to help identify funding priorities, emerging needs and growing trends in our community. The Community Building staff work with over 300 community partners and participate in numerous collaborations and community projects.

Volunteer Management. The Volunteer Management team connects individuals to meaningful volunteer opportunities to help meet United Way goals and the needs of the community.

55+ Program. The 55+ program engages adults, age 55 and better, in volunteer services, which meet the critical community needs that impact citizens of all ages, while providing a high-quality experience that will enrich the lives of volunteers.

United Way of East Central Iowa, Inc. and Related Entities

Notes to Consolidated Financial Statements

Note 1. Nature of Business and Significant Accounting Policies (Continued)

Youth Achievement AmeriCorps. United Way of East Central Iowa originally secured federal funding for the Youth Achievement AmeriCorps program (formerly known as Youth Achievement Corps) in 2011. The program is currently composed of 15 full-time AmeriCorps members, focused on building a collaborative network of quality in- and out-of-school time education and social support programs for low-income families and students, birth through middle school, to help address the achievement gap in the Cedar Rapids community.

Volunteer Income Tax Assistance (VITA). The purpose of this program is to offer free assistance in preparing individual tax returns to those individuals who meet income restrictions, individuals with disabilities, limited English speaking taxpayers, or others.

Reading into Success. Reading into Success is a community impact collaboration of 24 metro area schools, nonprofits and businesses working to ensure children read proficiently by the end of third grade. The work to increase reading proficiency and reduce the achievement gap is being implemented through five targeted strategy areas of school readiness, reducing chronic absenteeism, summer learning, hope and well-being and every day reading.

*Spark*5* is a two-generational approach to breaking the poverty cycle, ensuring kids are ready to learn when they enter kindergarten and their parents have tools to become financially stable. This project will support parents of children birth to age five living in high stress circumstances to reduce adversity by increasing financial stability and reducing barriers to services.

FCFH. The purpose of this program is a centralized helpline to service over 1.1 million residents in its 39-county service area. The Organization's 2-1-1 partners with County Emergency Management agencies. This partnership allows 2-1-1 to be a resource to communities in the event of a disaster. Individuals can call 2-1-1 to receive accurate and timely information during a disaster, such as a flood, tornado or an emergency at the Duane Arnold Energy Center.

Cash and cash equivalents: The Organization considers all liquid investments with a maturity of three months or less when purchased to be cash equivalents.

The Organization maintains a sweep account with two banks. The Organization entered into a repurchase agreement with the banks, in which the banks have pledged specific collateral covering all funds invested. The Organization has a balance of \$1,388,715 and \$1,466,448 on deposit in sweep accounts as of June 30, 2018 and 2017, respectively.

Certificates of deposit: Certificates of deposit are carried at cost, with interest earned included in total investment income. All certificates of deposit mature at various periods through December 2019.

Receivables: Pledges receivable (unconditional promises to give) are recorded as receivables and as support when received. Pledges receivable due in the next year are recorded at net realizable value. Multi-year pledges receivable are recorded at the present value of their net realizable value, using discount interest rates applicable to the years in which the promises are received.

The carrying amount of pledge receivables is net of an allowance for doubtful accounts. The allowance for uncollectible pledges is computed based upon a historical average, adjusted by management estimates of current economic factors and their analysis of specific pledges receivable. A shrinkage amount is determined for each annual gross campaign, including donor designations. The shrinkage percentage applied to the gross campaign for the campaign years 2018 and 2017 was 2.50 percent. The actual shrinkage amount could differ from these estimates. The provision for uncollectible pledges totaled \$213,700 and \$224,187 for the years ended June 30, 2018 and 2017, respectively.

United Way of East Central Iowa, Inc. and Related Entities

Notes to Consolidated Financial Statements

Note 1. Nature of Business and Significant Accounting Policies (Continued)

Investments: Investments are carried at fair value. Investment income (loss), including realized and unrealized gains and losses, is reported in the statements of activities as an increase or decrease in unrestricted or temporarily restricted net assets based on the intention stipulated by the donor.

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 investment balances and the amounts reported in the statements of financial position.

Property and equipment: Purchased property and equipment are recorded at cost while donated property and equipment are recorded at estimated fair value at the date of gift. Depreciation is computed utilizing the straight-line method over the estimated useful lives of the assets, which range from 4 to 10 years for furniture, fixtures and equipment and 39 years for the building. Land is considered to have an indefinite useful life and is not depreciated or amortized.

Impairment of long-lived assets: The Organization reviews long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of carrying amount or the fair value less costs to sell. At June 30, 2018 and 2017, there were no indications of impairment.

Allocations to agencies: Allocations payable are recorded as a liability at the point they are approved by the Board of Directors. As of June 30, 2018, allocations of a 12-month period, payable subsequent to June 30, 2018, have been approved and were recorded as an expense and as a liability.

Revenue recognition: Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in temporarily restricted net assets until appropriated by the Board of Directors. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

Contributions: Contributions, including unconditional promises to give, are recognized as revenue in the period received. Conditional promises to give are not recognized until they become unconditional; that is, when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value. Contributions with donor-imposed restrictions that are met within the same reporting period are reported as temporarily restricted revenue, and a reclassification to unrestricted net assets is made to reflect the expiration of such restrictions.

Contributions to be received after one year are pledges receivable and discounted at an appropriate discount rate, which incorporates the current risk-free discount rate and the credit risk of the donor. Amortization of discounts is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. An allowance for uncollectible pledges receivable is provided based upon management's judgment, including such factors as prior collection history.

United Way of East Central Iowa, Inc. and Related Entities

Notes to Consolidated Financial Statements

Note 1. Nature of Business and Significant Accounting Policies (Continued)

Contributions of land and equipment without donor restrictions concerning the use of such long-lived assets are reported as revenue of the unrestricted net asset class. Contributions of cash or other assets to be used to acquire land and equipment are reported as revenue of the temporarily restricted net asset class; the restrictions are considered to be released at the time the asset is placed into service.

Agency transactions: Certain funds can be designated by donors to the Organizations' partner agencies, nonaffiliated organizations, churches, other governmental agencies or not-for-profit entities. The Organization has adopted a policy of reflecting these contributions in the campaign results in the statements of activities. These contributions are then deducted to reflect the amount of revenue recognized under accounting principles generally accepted in the United States of America. The total amounts raised on behalf of others for the years ended June 30, 2018 and 2017 were \$1,116,009 and \$1,100,190, respectively.

Income taxes: The Organization is exempt from income taxes under provisions of Section 501(c)(3) of the Internal Revenue Code (IRC). As such, the Organization is taxed only on its unrelated business income. Management has determined the Organization did not receive any material unrelated business income for the years ended June 30, 2018 and 2017. The Organization is not a private foundation under provisions of Section 509(a) of the IRC.

When tax returns are filed, it is highly certain that some positions taken would be sustained upon examination by the taxing authorities, while others are subject to uncertainty about the merits of the position taken or the amount of the position that would ultimately be sustained. The benefit of a tax position is recognized in the financial statements in the period during which, based upon all available evidence, management believes it is more-likely-than-not that the position will be sustained upon examination, including the resolution of appeals or litigation processes, if any. The Organization had no unrecognized tax benefits as of and for the years ended June 30, 2018 and 2017. The Organization is no longer subject to examinations by federal authorities for years ended before June 30, 2015 and has not been notified of any impending examinations and no examinations are currently in process.

Amounts held on behalf for others: The Organization acts as a financial agent for other organizations, and since the Organization is not considered to be financially interrelated with these organizations, the total amount of funds held on behalf of these organizations is reflected as a liability on the statements of financial position. The Organization does not have variance power to redirect the assets held for others, and the funds are generally payable on demand.

Fundraising: Fundraising costs are charged to expense as incurred.

Functional expenses: The Organization allocates its expenses on a functional basis among its various programs and supporting activities. Expenses that can be identified with a specific program or supporting activity are allocated directly according to their natural expenditure classification. Other expenses that are common to several functions are allocated by various statistical bases.

United Way of East Central Iowa, Inc. and Related Entities

Notes to Consolidated Financial Statements

Note 1. Nature of Business and Significant Accounting Policies (Continued)

Current accounting developments: In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*, which sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract (i.e. lessees and lessors). The new standard requires lessees to apply a dual approach, classifying leases as either finance or operating leases based on the principle of whether or not the lease is effectively a financed purchase by the lessee. This classification will determine whether lease expense is recognized based on an effective interest method or on a straight-line basis over the term of the lease, respectively. A lessee is also required to record a right-of-use asset and a lease liability for all leases with a term of greater than 12 months regardless of their classification. Leases with a term of 12 months or less will be accounted for similar to existing guidance for operating leases today. The new standard requires lessors to account for leases using an approach that is substantially equivalent to existing guidance for sales-type leases, direct financing leases and operating leases. The standard is effective on July 1, 2020, with early adoption permitted. The Organization is in the process of evaluating the impact of this new guidance.

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*, requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The updated standard will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective and permits the use of either a full retrospective or retrospective with cumulative effect transition method. In August 2015, the FASB issued ASU 2015-14, which defers the effective date of ASU 2014-09 one year making it effective for annual reporting periods beginning after December 15, 2018. The Organization has not yet selected a transition method and is currently evaluating the effect that the updated standard will have on the financial statements.

In August 2016, FASB issued ASU No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, which changes presentation and disclosure requirements for not-for-profit entities to provide more relevant information about their resources (and the changes in those resources) to donors, grantors, creditors and other users. These include qualitative and quantitative requirements in the following areas: net asset classes, investment return, expenses, liquidity and availability of resources and presentation of operating cash flows. The standard is effective for not-for-profit organizations for periods beginning after December 15, 2017. Early application of the amendments is permitted. The Organization is currently evaluating the potential impact that the adoption of this update will have on financial reporting.

Note 2. Beneficial Interests

In 1997, the owner of the office facilities previously leased by the Organization sold the property to another nonprofit organization. The new owner received a grant as part of the financing of the purchase. One of the conditions of the grant was that the Organization would be granted a 20 percent equity interest in the building, with the Organization receiving the greater of 20 percent of the sale price or \$375,000, upon the sale of the building by the new owner. A temporarily restricted contribution of \$440,000 (20 percent of the building value at the time of the donation), was recorded in 1997 as a result of this agreement.

In July 2014, the building was sold to another nonprofit organization; therefore, the Organization will receive proceeds of \$800,000 (20 percent of the sale price) due annually over the next four years. A receivable of \$150,000 less a present value discount of \$4,369 remains on the statement of financial position as of June 30, 2018 related to the sale of the building.

United Way of East Central Iowa, Inc. and Related Entities

Notes to Consolidated Financial Statements

Note 3. Pledges Receivable

The Organization pledges receivables consist of annual campaign pledges and multi-year pledges that relate to spark*5. Pledges receivable as of June 30, 2018 and 2017 were due as follows:

	2018		
	UWECI	FCFH	Total
Year ending June 30:			
2019	\$ 3,222,886	\$ 64,050	\$ 3,286,936
2020	95,192	-	95,192
2021	93,968	-	93,968
2022	64,326	-	64,326
2023	54,176	-	54,176
	<u>\$ 3,530,548</u>	<u>\$ 64,050</u>	3,594,598
Allowance for pledge loss			(229,565)
Discount for multi-year pledges			(14,651)
Net pledges			<u>\$ 3,350,382</u>
	2017		
	UWECI	FCFH	Total
Year ending June 30:			
2018	\$ 3,571,814	\$ 62,202	\$ 3,634,016
2019	15,000	-	15,000
2020	15,000	-	15,000
	<u>\$ 3,601,814</u>	<u>\$ 62,202</u>	3,664,016
Allowance for pledge loss			(241,092)
Net pledges			<u>\$ 3,422,924</u>

Note 4. Property and Equipment

Net property and equipment as of June 30, 2018 and 2017 consisted of the following:

	2018		
	UWECI	HSC	Total
Cost:			
Land	\$ -	\$ 1,555,609	\$ 1,555,609
Building	-	12,318,796	12,318,796
Furnishings and equipment	515,614	145,289	660,903
Total cost	<u>515,614</u>	<u>14,019,694</u>	<u>14,535,308</u>
Less accumulated depreciation	379,383	2,438,831	2,818,214
	<u>\$ 136,231</u>	<u>\$ 11,580,863</u>	<u>\$ 11,717,094</u>

United Way of East Central Iowa, Inc. and Related Entities

Notes to Consolidated Financial Statements

Note 4. Property and Equipment (Continued)

	2017		
	UWECI	HSC	Total
Cost:			
Land	\$ -	\$ 1,555,609	\$ 1,555,609
Building	-	12,318,796	12,318,796
Furnishings and equipment	474,910	139,789	614,699
Total cost	474,910	14,014,194	14,489,104
Less accumulated depreciation	314,808	2,108,976	2,423,784
	<u>\$ 160,102</u>	<u>\$ 11,905,218</u>	<u>\$ 12,065,320</u>

Total depreciation expense was \$394,430 and \$384,185 for the years ended June 30, 2018 and 2017, respectively.

Note 5. Investments

The Organization has contributed funds to The Greater Cedar Rapids Community Foundation (Foundation) in order to establish a permanent designated agency endowment fund. This fund is administered by the Foundation for the benefit of the Organization. Control over the investment or reinvestment of these funds is exercised exclusively by the Foundation. A portion of the fund's earnings is made available for distribution to the Organization periodically. During the years ended June 30, 2018 and 2017, the Organization received distributions from the fund totaling \$15,165 and \$15,429, respectively.

The Organization has not granted variance power to the Foundation. Therefore, it recognizes its interest in the net assets held by the Foundation and adjusts that interest for the Organization's share of the change of the underlying assets measured at fair value less any distributions made.

Investment income consists of the following during the years ended June 30, 2018 and 2017:

	2018	2017
Interest and dividends	\$ 132,389	\$ 113,531
Net change in fair value of investments	106,675	130,854
Change in beneficial interest in assets held by community foundation	22,163	30,276
	<u>\$ 261,227</u>	<u>\$ 274,661</u>

United Way of East Central Iowa, Inc. and Related Entities

Notes to Consolidated Financial Statements

Note 6. Fair Value of Financial Instruments

The FASB ASC No. 820, Fair Value Measurements and Disclosures, defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. ASC 820 requires the use of valuation techniques that are consistent with the market approach, the income approach and/or the cost approach. Inputs to valuation techniques refer to the assumptions that market participants would use in pricing the asset or liability. Inputs may be observable, meaning those that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from independent sources, or unobservable, meaning those that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. In that regard, ASC 820 establishes a fair value hierarchy for valuation inputs that gives the highest priority to quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The fair value hierarchy is as follows:

Level 1: Valuations based on unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2: Valuations based on quoted prices for similar assets or liabilities or identical assets or liabilities in less active markets, such as dealer or broker markets.

Level 3: Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable, such as pricing models, discounted cash flow models and similar techniques not based on market, exchange, dealer or broker-traded transactions.

Following is a description of the valuation methodologies used for instruments measured at fair value and their classification in the valuation hierarchy:

Mutual funds: Valued at last sales price, if listed on a national market or exchange, or if there is no sale and the market is still considered active, at the last transaction price before year-end.

Taxable corporate bonds: Valued at the most recent price of the equivalent quoted yield for such securities, or those of comparable maturity, quality and type.

Money market funds: Valued at the NAV of shares held at year-end.

Beneficial interest in assets held by community foundation: Valued at the estimated pro rata share of the community foundation's investment pool.

There have been no changes in valuation techniques used for any assets measured at fair value during the years ended June 30, 2018 and 2017.

United Way of East Central Iowa, Inc. and Related Entities

Notes to Consolidated Financial Statements

Note 6. Fair Value of Financial Instruments (Continued)

The following table presents assets measured at fair value by classification within the fair value hierarchy as of June 30, 2018 and 2017:

	2018			
	Fair Value Measurements			
	Fair Value	Level 1	Level 2	Level 3
Assets:				
Domestic equity mutual funds	\$ 1,216,929	\$ 1,216,929	\$ -	\$ -
Taxable corporate bonds	458,578	-	458,578	-
Money market funds	10,911	10,911	-	-
	<u>1,686,418</u>	<u>1,227,840</u>	<u>458,578</u>	<u>-</u>
Beneficial interest in assets held by community foundation	345,744	-	-	345,744
	<u>\$ 2,032,162</u>	<u>\$ 1,227,840</u>	<u>\$ 458,578</u>	<u>\$ 345,744</u>
	2017			
	Fair Value Measurements			
	Fair Value	Level 1	Level 2	Level 3
Assets:				
Domestic equity mutual funds	\$ 1,343,494	\$ 1,343,494	\$ -	\$ -
Taxable corporate bonds	222,182	-	222,182	-
Money market funds	7,686	7,686	-	-
	<u>1,573,362</u>	<u>1,351,180</u>	<u>222,182</u>	<u>-</u>
Beneficial interest in assets held by community foundation	338,746	-	-	338,746
	<u>\$ 1,912,108</u>	<u>\$ 1,351,180</u>	<u>\$ 222,182</u>	<u>\$ 338,746</u>

The following is a reconciliation of the beginning and ending balances of assets measured at fair value on a recurring basis using significant unobservable (Level 3) inputs during the years ended June 30, 2018 and 2017:

	2018	2017
Beneficial interest in assets held by community foundation:		
Balance, beginning	\$ 338,746	\$ 323,899
Investment income	22,163	30,276
Distributions	(15,165)	(15,429)
Balance, ending	<u>\$ 345,744</u>	<u>\$ 338,746</u>

Note 7. Board-Designated Net Assets

Net assets have been designated by the Board of Directors to the quasi-endowment for long-term investment purposes in the amounts of \$701,664 and \$669,969 as of June 30, 2018 and 2017, respectively.

United Way of East Central Iowa, Inc. and Related Entities

Notes to Consolidated Financial Statements

Note 8. Nature and Amounts of Temporary and Permanent Restrictions

Temporarily restricted net assets are available for the following purposes as of June 30, 2018 and 2017:

	2018	2017
Purpose restricted:		
Children's needs	\$ 513,366	\$ 484,121
Sponsorship	150,498	164,166
Linn County VITA	19,659	40,237
HSC - Building released over 20 years	6,000,000	6,500,000
Total purpose restricted	<u>6,683,523</u>	<u>7,188,524</u>
Time restricted:		
Term endowments	150,000	150,000
Unappropriated endowment earnings	191,536	144,368
spark*5	435,633	-
Contributions for future campaigns	376,409	384,415
Total time restricted	<u>1,153,578</u>	<u>678,783</u>
	<u>\$ 7,837,101</u>	<u>\$ 7,867,307</u>

Permanently restricted net assets as of June 30, 2018 and 2017 consist of \$478,650 and \$463,650, respectively, of endowments, which must be invested in perpetuity, the income from which is expendable to support the operations of the Organization.

Note 9. Endowments

The Organization's endowments consist of various funds established to support the general operating needs of the Organization. Its endowments consist of both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board 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 the Organization has interpreted the Iowa Uniform Act – Institutional Funds Management Act (IUA-IFMA) 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. Consequently, the Organization classifies permanently restricted net assets as:

- The original value of gifts donated to the permanent endowment, and
- The original value of subsequent gifts to the permanent endowment.

United Way of East Central Iowa, Inc. and Related Entities

Notes to Consolidated Financial Statements

Note 9. Endowments (Continued)

The remaining portion of the donor-restricted endowment fund not classified as permanently restricted is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization's Board. In accordance with IUA-IFMA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purpose of the Organization and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Organization
- The investment policies of the Organization

Return objectives and risk parameters: The Organization has adopted investment and spending policies for endowment assets that attempt to seek capital preservation, as well as long-term appreciation of the endowment fund assets. The endowment assets are invested in a manner that is intended to produce results that exceed the performance of the Consumer Price Index while assuming a moderate level of investment risk.

Spending policy: As of June 30, 2018, the Organization has a policy of appropriating for distribution 4.5 percent of its endowment fund assets.

In establishing this policy, the Organization considered the long-term expected returns on its endowment investments. Accordingly, over the long-term, the Organization expects the current spending policy will allow its endowment to retain the original fair value of the gift.

Strategies employed for achieving objectives: The Organization relies on a total return strategy in which investment returns are achieved through capital appreciation and current yield (interest and dividends). This strategy targets a diversified asset allocation that emphasizes fixed income securities to achieve its long-term objectives within prudent risk constraints.

Endowment net asset composition by type of fund as of June 30, 2018 and 2017 is as follows:

	2018			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	\$ -	\$ 851,848	\$ 478,650	\$ 1,330,498
Board-designated quasi-endowment funds	701,664	-	-	701,664
Total endowment funds	<u>\$ 701,664</u>	<u>\$ 851,848</u>	<u>\$ 478,650</u>	<u>\$ 2,032,162</u>
	2017			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	\$ -	\$ 778,489	\$ 463,650	\$ 1,242,139
Board-designated quasi-endowment funds	669,969	-	-	669,969
Total endowment funds	<u>\$ 669,969</u>	<u>\$ 778,489</u>	<u>\$ 463,650</u>	<u>\$ 1,912,108</u>

United Way of East Central Iowa, Inc. and Related Entities

Notes to Consolidated Financial Statements

Note 9. Endowments (Continued)

Changes in endowment net assets for the years ended June 30, 2018 and 2017:

	Year Ended June 30, 2018			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	\$ 669,969	\$ 778,489	\$ 463,650	\$ 1,912,108
Investment income	15,197	45,601	-	60,798
Investment fees	(1,138)	(3,459)	-	(4,597)
Net appreciation	26,790	79,885	-	106,675
Contributions	-	-	15,000	15,000
Change in beneficial interest	22,163	-	-	22,163
Appropriation of endowment assets for expenditure	(31,317)	(48,668)	-	(79,985)
Endowment net assets, end of year	<u>\$ 701,664</u>	<u>\$ 851,848</u>	<u>\$ 478,650</u>	<u>\$ 2,032,162</u>

	Year Ended June 30, 2017			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	\$ 614,736	\$ 697,017	\$ 433,650	\$ 1,745,403
Investment income	15,171	38,091	-	53,262
Investment fees	(2,858)	(4,580)	-	(7,438)
Net appreciation	32,740	98,114	-	130,854
Contributions	12,472	-	30,000	42,472
Change in beneficial interest	30,276	-	-	30,276
Appropriation of endowment assets for expenditure	(32,568)	(50,153)	-	(82,721)
Endowment net assets, end of year	<u>\$ 669,969</u>	<u>\$ 778,489</u>	<u>\$ 463,650</u>	<u>\$ 1,912,108</u>

Note 10. Retirement Plan

The Organization has a defined contribution pension plan covering substantially all employees. The plan is funded currently by the Organization based on a percentage match of eligible employees' total wages. Contributions to the plan for the years ended June 30, 2018 and 2017 totaled \$118,011 and \$118,867, respectively.

United Way of East Central Iowa, Inc. and Related Entities

Notes to Consolidated Financial Statements

Note 11. Future Commitments

The Organization has a contract with a firm to provide various equipment and technology services expiring through July 2023. Future minimum payments are as follows:

Years ending June 30:		
2019	\$	86,589
2020		28,527
2021		28,527
2022		28,527
		<u>28,527</u>
	\$	<u>172,170</u>

Note 12. Rental Revenue

HSC is leasing space to tenants under rental agreements expiring at various dates through December 2020. Future minimum rent revenue on these agreements is as follows:

Years ending June 30:		
2019	\$	299,868
2020		255,760
2021		127,880
		<u>127,880</u>
	\$	<u>683,508</u>

Rental revenues for the years ended June 30, 2018 and 2017 were \$365,791 and \$363,253, respectively.

Note 13. Subsequent Events

The Organization has evaluated all subsequent events through September 27, 2018, the date that the financial statements were available to be issued, and has determined that no events or transactions have occurred through that date that required recognition or disclosure in the financial statements.

United Way of East Central Iowa, Inc. and Related Entities

Consolidating Statements of Financial Position
June 30, 2018 and 2017

	2018				
	UWECI	HSC	FCFH	Eliminations	Total
Assets					
Cash and cash equivalents	\$ 1,130,748	\$ 174,544	\$ 220,941	\$ -	\$ 1,526,233
Certificates of deposit	2,202,722	825,000	-	-	3,027,722
Receivables:					
Pledges, net	3,286,332	-	64,050	-	3,350,382
Accrued interest	11,915	4,352	-	-	16,267
Kirkwood note	145,631	-	-	-	145,631
Miscellaneous	383,068	-	-	-	383,068
Related-party receivable	-	-	223,025	(223,025)	-
Prepaid expenses	45,053	11,284	885	-	57,222
Investments	2,032,162	-	-	-	2,032,162
Property and equipment, net	136,231	11,580,863	-	-	11,717,094
Total assets	\$ 9,373,862	\$ 12,596,043	\$ 508,901	\$ (223,025)	\$ 22,255,781
Liabilities and Net Assets					
Liabilities:					
Allocations and grants payable:					
Agency allocations	\$ 4,743,943	\$ -	\$ 299,195	\$ -	\$ 5,043,138
Initiative fund grants	797,905	-	-	-	797,905
Donor designations	364,846	-	-	-	364,846
Accounts payable	499,765	67,122	1,763	-	568,650
Related-party payable	223,025	-	-	(223,025)	-
Accrued expenses	237,746	54,698	8,901	-	301,345
Total liabilities	6,867,230	121,820	309,859	(223,025)	7,075,884
Net assets:					
Unrestricted:					
Undesignated	(510,783)	6,474,223	199,042	-	6,162,482
Designated	701,664	-	-	-	701,664
Total unrestricted	190,881	6,474,223	199,042	-	6,864,146
Temporarily restricted	1,837,101	6,000,000	-	-	7,837,101
Permanently restricted	478,650	-	-	-	478,650
Total net assets	2,506,632	12,474,223	199,042	-	15,179,897
Total liabilities and net assets	\$ 9,373,862	\$ 12,596,043	\$ 508,901	\$ (223,025)	\$ 22,255,781

2017				
UWECI	HSC	FCFH	Eliminations	Total
\$ 1,187,596	\$ 132,257	\$ 200,497	\$ -	\$ 1,520,350
2,550,000	825,000	-	-	3,375,000
3,360,722	-	62,202	-	3,422,924
21,651	6,445	-	-	28,096
287,020	-	-	-	287,020
125,821	-	-	-	125,821
-	-	258,500	(258,500)	-
84,710	10,780	-	-	95,490
1,912,108	-	-	-	1,912,108
160,102	11,905,218	-	-	12,065,320
<u>\$ 9,689,730</u>	<u>\$ 12,879,700</u>	<u>\$ 521,199</u>	<u>\$ (258,500)</u>	<u>\$ 22,832,129</u>
\$ 4,797,928	\$ -	\$ 323,982	\$ -	\$ 5,121,910
825,269	-	-	-	825,269
335,118	-	-	-	335,118
124,493	58,634	2,306	-	185,433
258,500	-	-	(258,500)	-
277,381	67,532	2,183	-	347,096
<u>6,618,689</u>	<u>126,166</u>	<u>328,471</u>	<u>(258,500)</u>	<u>6,814,826</u>
570,115	6,253,534	192,728	-	7,016,377
669,969	-	-	-	669,969
<u>1,240,084</u>	<u>6,253,534</u>	<u>192,728</u>	<u>-</u>	<u>7,686,346</u>
1,367,307	6,500,000	-	-	7,867,307
463,650	-	-	-	463,650
<u>3,071,041</u>	<u>12,753,534</u>	<u>192,728</u>	<u>-</u>	<u>16,017,303</u>
<u>\$ 9,689,730</u>	<u>\$ 12,879,700</u>	<u>\$ 521,199</u>	<u>\$ (258,500)</u>	<u>\$ 22,832,129</u>

United Way of East Central Iowa, Inc. and Related Entities

Consolidating Statements of Activities Years Ended June 30, 2018 and 2017

	2018				
	UWECI	HSC	FCFH	Eliminations	Total
Support and revenue:					
Gross campaign results in current period	\$ 8,605,824	\$ -	\$ -	\$ -	\$ 8,605,824
Less donor designations	1,116,009	-	-	-	1,116,009
Campaign revenue	7,489,815	-	-	-	7,489,815
Less provision for uncollectible pledges	213,700	-	-	-	213,700
Total net campaign revenue	7,276,115	-	-	-	7,276,115
Other contributions	529,071	-	366,619	(273,544)	622,146
Donor designation fees	121,308	-	-	-	121,308
Investment income	254,174	6,853	200	-	261,227
Rental income	-	481,861	-	(116,070)	365,791
Special events	30,829	-	-	-	30,829
Sponsorships	171,147	-	-	-	171,147
Miscellaneous income	30,994	-	19,500	-	50,494
Total support and revenue	8,413,638	488,714	386,319	(389,614)	8,899,057
Expenses:					
Program services:					
Allocation Services	5,537,006	-	-	(223,025)	5,313,981
Labor Community Services	35,554	-	-	(729)	34,825
Community Building	499,147	-	-	(30,774)	468,373
Volunteer Management	281,661	-	-	(8,509)	273,152
55+ Program	83,423	-	-	(3,538)	79,885
Youth Achievement AmeriCorps	149,275	-	-	(5,979)	143,296
Volunteer Income Tax Assistance	88,581	-	-	(3,530)	85,051
Reading into Success	146,573	-	-	(2,607)	143,966
spark*5	417,099	-	-	(11,799)	405,300
FCFH	-	-	380,005	-	380,005
Total program services	7,238,319	-	380,005	(290,490)	7,327,834
Supporting activities:					
Organizational administration	706,136	-	-	(27,148)	678,988
Fundraising	895,943	-	-	(30,538)	865,405
Marketing and communications	101,608	-	-	(5,397)	96,211
Other agency administrative support	36,041	-	-	(36,041)	-
HSC	-	768,025	-	-	768,025
Total supporting activities	1,739,728	768,025	-	(99,124)	2,408,629
Total expenses	8,978,047	768,025	380,005	(389,614)	9,736,463
Change in net assets	(564,409)	(279,311)	6,314	-	(837,406)
Net assets:					
Beginning	3,071,041	12,753,534	192,728	-	16,017,303
Ending	\$ 2,506,632	\$ 12,474,223	\$ 199,042	\$ -	\$ 15,179,897

2017				
UWECI	HSC	FCFH	Eliminations	Total
\$ 9,010,509	\$ -	\$ -	\$ -	\$ 9,010,509
1,100,190	-	-	-	1,100,190
7,910,319	-	-	-	7,910,319
224,187	-	-	-	224,187
7,686,132	-	-	-	7,686,132
593,637	-	411,709	(303,833)	701,513
95,218	-	-	-	95,218
266,500	7,962	199	-	274,661
-	468,373	-	(105,120)	363,253
29,688	-	-	-	29,688
195,015	-	-	-	195,015
62,322	-	1,395	-	63,717
8,928,512	476,335	413,303	(408,953)	9,409,197
5,716,364	-	-	(258,500)	5,457,864
33,363	-	-	(631)	32,732
609,936	-	-	(31,758)	578,178
248,985	-	-	(8,284)	240,701
80,890	-	-	(3,227)	77,663
277,214	-	-	(3,711)	273,503
49,165	-	-	(1,729)	47,436
67,208	-	-	(17)	67,191
-	-	-	-	-
-	-	433,501	-	433,501
7,083,125	-	433,501	(307,857)	7,208,769
701,514	-	-	(26,235)	675,279
953,490	-	-	(28,651)	924,839
108,240	-	-	(4,591)	103,649
41,619	-	-	(41,619)	-
-	774,484	-	-	774,484
1,804,863	774,484	-	(101,096)	2,478,251
8,887,988	774,484	433,501	(408,953)	9,687,020
40,524	(298,149)	(20,198)	-	(277,823)
3,030,517	13,051,683	212,926	-	16,295,126
\$ 3,071,041	\$ 12,753,534	\$ 192,728	\$ -	\$ 16,017,303

