

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

Consolidated Financial Report
June 30, 2019

Contents

Independent auditor's report	1-2
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Financial statements

Consolidated statements of financial position	3
Consolidated statements of activities	4-5
Consolidated statements of functional expenses	6-9
Consolidated statements of cash flows	10
Notes to consolidated financial statements	11-24

Supplemental information

Consolidating statements of financial position	25-26
Consolidating statements of activities	27-28



RSM US LLP

Independent Auditor's Report

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, 2019 and 2018, 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, 2019 and 2018, of 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.

Emphasis of Matter

The Organization adopted Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, during the current year. The adoption of the standard resulted in additional footnote disclosures and significant changes to classification of net assets and the disclosures related to net assets. The adoption was retrospectively applied to July 1, 2017; the earliest year presented. Our opinion is not modified with respect to this matter.

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 30, 2019

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

Consolidated Statements of Financial Position
June 30, 2019 and 2018

	2019	2018
Assets		
Cash and cash equivalents	\$ 1,910,349	\$ 1,526,233
Certificates of deposit	2,337,210	3,027,722
Receivables:		
Pledges, net	2,825,366	3,350,382
Accrued interest	23,648	16,267
Kirkwood note	-	145,631
Miscellaneous	479,001	383,068
Prepaid expenses	84,336	57,222
Investments	2,075,798	2,032,162
Property and equipment, net	11,329,146	11,717,094
	\$ 21,064,854	\$ 22,255,781
Liabilities and Net Assets		
Liabilities:		
Allocations and grants payable:		
Agency allocations	\$ 4,940,224	\$ 5,043,138
Initiative fund grants	639,536	797,905
Donor designations	758,541	760,088
Accounts payable	272,919	173,408
Accrued expenses	293,263	301,345
Total liabilities	6,904,483	7,075,884
Net assets:		
Without donor restrictions:		
Undesignated	10,968,074	12,162,482
Designated	704,888	701,664
Total without donor restrictions	11,672,962	12,864,146
With donor restrictions	2,487,409	2,315,751
Total net assets	14,160,371	15,179,897
	\$ 21,064,854	\$ 22,255,781

See notes to consolidated financial statements.

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

Consolidated Statements of Activities
Years Ended June 30, 2019 and 2018

	2019		Total
	Without Donor Restrictions	With Donor Restrictions	
Support and revenue:			
Campaign results in prior period, released from restriction	\$ 376,408	\$ (376,408)	\$ -
Gross campaign results in current period	7,607,346	582,214	8,189,560
Less donor designations	1,065,533	-	1,065,533
Campaign revenue	6,541,813	582,214	7,124,027
Less provision for uncollectible pledges	199,394	-	199,394
Net campaign revenue in current period	6,342,419	582,214	6,924,633
Total net campaign revenue	6,718,827	205,806	6,924,633
Other contributions	509,628	77,994	587,622
Donor designation fees	48,974	-	48,974
Investment income	167,285	33,516	200,801
Rental income	365,914	-	365,914
Special events	31,217	-	31,217
Sponsorships	13,669	98,650	112,319
Miscellaneous income	32,709	-	32,709
Net assets released from restrictions	244,308	(244,308)	-
Total support and revenue	8,132,531	171,658	8,304,189
Expenses:			
Program services:			
Allocation Services	5,050,278	-	5,050,278
Labor Community Services	35,449	-	35,449
Community Building	393,536	-	393,536
Volunteer Management	276,637	-	276,637
55+ Program	78,312	-	78,312
Youth Achievement AmeriCorps	13,302	-	13,302
Volunteer Income Tax Assistance	74,952	-	74,952
Reading into Success	119,318	-	119,318
spark*5	424,260	-	424,260
FCFH	393,535	-	393,535
Total program services	6,859,579	-	6,859,579
Supporting activities:			
Organizational administration	615,480	-	615,480
Fundraising	937,404	-	937,404
Marketing and communications	101,624	-	101,624
HSC	809,628	-	809,628
Total supporting activities	2,464,136	-	2,464,136
Total expenses	9,323,715	-	9,323,715
Change in net assets	(1,191,184)	171,658	(1,019,526)
Net assets:			
Beginning, as previously reported	12,864,146	2,315,751	15,179,897
Adoption of ASU 2016-14 (Note 14)	-	-	-
Beginning, as reclassified	12,864,146	2,315,751	15,179,897
Ending	\$ 11,672,962	\$ 2,487,409	\$ 14,160,371

See notes to consolidated financial statements.

2018		
Without Donor Restrictions	With Donor Restrictions	Total
\$ 384,415	\$ (384,415)	\$ -
7,793,782	812,042	8,605,824
1,116,009	-	1,116,009
6,677,773	812,042	7,489,815
213,700	-	213,700
6,464,073	812,042	7,276,115
6,848,488	427,627	7,276,115
552,395	69,751	622,146
121,308	-	121,308
164,119	97,108	261,227
365,791	-	365,791
30,829	-	30,829
20,649	150,498	171,147
50,494	-	50,494
760,190	(760,190)	-
8,914,263	(15,206)	8,899,057
5,313,981	-	5,313,981
34,825	-	34,825
468,373	-	468,373
273,152	-	273,152
79,885	-	79,885
143,296	-	143,296
85,051	-	85,051
143,966	-	143,966
405,300	-	405,300
380,005	-	380,005
7,327,834	-	7,327,834
678,988	-	678,988
865,405	-	865,405
96,211	-	96,211
768,025	-	768,025
2,408,629	-	2,408,629
9,736,463	-	9,736,463
(822,200)	(15,206)	(837,406)
7,686,346	8,330,957	16,017,303
6,000,000	(6,000,000)	-
13,686,346	2,330,957	16,017,303
\$ 12,864,146	\$ 2,315,751	\$ 15,179,897

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

Consolidated Statements of Functional Expenses Year Ended June 30, 2019

	Program Services										Total Program Services	
	Allocation Services	Labor			55+ Program	Youth		Volunteer		Reading into Success spark*5		FCFH
		Community Services	Community Building	Volunteer Management		Achievement AmeriCorps	Income Tax Assistance					
Allocations and awards	\$5,704,476	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$5,704,476
Less donor designations	1,065,533	-	-	-	-	-	-	-	-	-	-	1,065,533
	4,638,943	-	-	-	-	-	-	-	-	-	-	4,638,943
Initiative fund grants	411,335	-	-	-	-	-	-	-	-	-	302,626	713,961
Subtotal	5,050,278	-	-	-	-	-	-	-	-	-	302,626	5,352,904
Salaries	-	23,580	204,815	133,784	50,581	9,485	37,632	28,150	157,903	30,618	-	676,548
Payroll taxes	-	1,849	17,723	10,156	3,705	789	2,827	2,005	11,243	2,274	-	52,571
Employee benefits	-	2,808	25,020	4,508	5,020	820	774	2,646	8,003	-	-	49,599
Retirement	-	2,244	19,027	11,301	4,124	175	6,535	2,389	11,473	6,052	-	63,320
Subtotal	-	30,481	266,585	159,749	63,430	11,269	47,768	35,190	188,622	38,944	-	842,038
Contract services	-	716	58,662	4,977	1,800	330	4,473	38,857	215,146	2,675	-	327,636
Supplies	-	96	1,267	1,127	325	181	1,041	4,998	904	51	-	9,990
Telephone	-	262	2,479	1,818	657	121	1,004	298	1,048	1,515	-	9,202
Postage and shipping	-	24	79	171	112	5	175	76	56	190	-	888
Donated services and materials	-	-	-	-	-	-	-	10,889	-	16,946	-	27,835
Occupancy	-	108	3,056	1,375	881	96	191	304	1,208	-	-	7,219
Repairs and maintenance	-	26	2,229	1,192	64	12	26	29	102	17,241	-	20,921
Transportation	-	36	191	33,233	108	4	199	117	32	1,529	-	35,449
Conferences	-	1,249	5,782	288	2,354	17	1,720	15,204	3,528	-	-	30,142
Organizational dues	-	703	280	717	379	14	32	36	125	560	-	2,846
Publications, printing, subscriptions	-	186	4,998	3,018	974	201	6,851	7,917	944	2,640	-	27,729
Awards	-	-	155	3,792	1,446	56	-	-	-	-	-	5,449
Bank fees	-	-	-	-	-	-	-	-	-	-	-	-
Special projects	-	43	910	39,197	108	20	943	20	172	-	-	41,413
Advertising	-	114	1,788	1,829	1,248	53	3,345	2,360	717	-	-	11,454
Miscellaneous	-	53	1,886	1,523	69	10	2,726	335	1,000	1,316	-	8,918
Computer expenses	-	949	8,697	9,740	2,384	437	3,535	1,080	4,118	7,302	-	38,242
Depreciation	-	403	16,874	3,957	1,973	476	923	1,608	6,538	-	-	32,752
Payments to affiliates (UWW)	-	-	17,618	8,934	-	-	-	-	-	-	-	26,552
Subtotal	-	4,968	126,951	116,888	14,882	2,033	27,184	84,128	235,638	51,965	-	664,637
Total expenses	\$5,050,278	\$ 35,449	\$ 393,536	\$ 276,637	\$ 78,312	\$ 13,302	\$ 74,952	\$ 119,318	\$ 424,260	\$ 393,535	\$ -	\$6,859,579

See notes to consolidated financial statements.

Supporting Activities					
Organizational Administration	Fundraising	Marketing and Communications	HSC	Total Supporting Activities	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,704,476
-	-	-	-	-	1,065,533
-	-	-	-	-	4,638,943
-	-	-	-	-	713,961
-	-	-	-	-	5,352,904
382,933	479,364	58,175	-	920,472	1,597,020
24,601	34,115	4,218	-	62,934	115,505
28,888	56,536	4,009	-	89,433	139,032
19,065	29,073	4,550	-	52,688	116,008
455,487	599,088	70,952	-	1,125,527	1,967,565
50,999	16,872	4,719	83,754	156,344	483,980
2,673	1,965	709	3,440	8,787	18,777
4,412	5,917	693	-	11,022	20,224
2,220	1,709	25	-	3,954	4,842
-	131,106	-	-	131,106	158,941
2,874	3,484	596	268,528	275,482	282,701
6,752	4,452	660	122,381	134,245	155,166
120	317	52	-	489	35,938
768	848	138	-	1,754	31,896
1,039	1,435	635	-	3,109	5,955
7,398	30,967	3,905	-	42,270	69,999
584	427	-	-	1,011	6,460
12,072	-	-	-	12,072	12,072
671	56,194	129	-	56,994	98,407
2,822	11,454	2,543	-	16,819	28,273
1,597	1,942	458	936	4,933	13,851
16,660	16,971	7,160	-	40,791	79,033
15,559	17,070	3,035	330,589	366,253	399,005
30,773	35,186	5,215	-	71,174	97,726
159,993	338,316	30,672	809,628	1,338,609	2,003,246
\$ 615,480	\$ 937,404	\$ 101,624	\$ 809,628	\$ 2,464,136	\$ 9,323,715

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		Volunteer Management	55+ Program	Youth		Volunteer		Reading into Success spark*5		FCFH
		Community Services	Community Building			Achievement AmeriCorps	Income Tax Assistance					
Allocations and awards	\$6,018,354	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$6,018,354
Less donor designations	1,282,411	-	-	-	-	-	-	-	-	-	-	1,282,411
	<u>4,735,943</u>	-	-	-	-	-	-	-	-	-	-	<u>4,735,943</u>
Initiative fund grants	578,038	-	-	-	-	-	-	-	-	293,050	-	871,088
Subtotal	<u>5,313,981</u>	-	-	-	-	-	-	-	-	293,050	-	<u>5,607,031</u>
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	-	2,633	21,953	3,651	2,660	8,616	699	2,452	18,095	-	-	60,759
Retirement	-	1,969	8,618	11,012	3,997	2,452	5,911	2,198	11,295	5,736	-	53,188
Subtotal	<u>-</u>	<u>30,600</u>	<u>332,160</u>	<u>155,480</u>	<u>60,223</u>	<u>128,885</u>	<u>45,486</u>	<u>33,157</u>	<u>159,193</u>	<u>37,686</u>	<u>-</u>	<u>982,870</u>
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	<u>-</u>	<u>4,225</u>	<u>136,213</u>	<u>117,672</u>	<u>19,662</u>	<u>14,411</u>	<u>39,565</u>	<u>110,809</u>	<u>246,107</u>	<u>49,269</u>	<u>-</u>	<u>737,933</u>
Total expenses	<u>\$5,313,981</u>	<u>\$ 34,825</u>	<u>\$ 468,373</u>	<u>\$ 273,152</u>	<u>\$ 79,885</u>	<u>\$ 143,296</u>	<u>\$ 85,051</u>	<u>\$ 143,966</u>	<u>\$ 405,300</u>	<u>\$ 380,005</u>	<u>\$ -</u>	<u>\$7,327,834</u>

See notes to consolidated financial statements.

Supporting Activities					Total	
Organizational Administration	Fundraising	Marketing and Communications	HSC	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
36,039	37,900	2,830	-	76,769		137,528
24,185	36,053	3,531	-	63,769		116,957
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 Cash Flows
Years Ended June 30, 2019 and 2018**

	2019	2018
Cash flows from operating activities:		
Change in net assets	\$ (1,019,526)	\$ (837,406)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	399,005	394,430
Noncash reinvested investment income	(58,440)	(34,809)
Net (appreciation) in fair value of investments	(21,994)	(106,675)
Change in beneficial interest in assets held by community foundation	(12,940)	(22,163)
Donor restricted contributions received	(25,000)	(15,000)
Changes in assets and liabilities:		
Decrease (increase) in receivables	421,702	(172,876)
(Increase) decrease in prepaid expenses	(27,114)	38,268
(Decrease) in allocations and grants payable	(346,874)	(76,408)
Increase in accounts payable	183,555	383,217
(Decrease) in accrued expenses	(8,082)	(45,751)
Net cash used in operating activities	(515,708)	(495,173)
Cash flows from investing activities:		
Proceeds from sales of investments	143,683	569,324
Purchases of investments	(120,000)	(540,896)
Redemptions of certificates of deposit	1,702,722	2,550,000
Purchase of certificates of deposit	(1,001,094)	(2,202,722)
Distributions from beneficial interest in assets held by community foundation	14,939	15,165
Proceeds from Kirkwood note	145,631	141,389
Purchase of property and equipment	(11,057)	(46,204)
Net cash provided by investing activities	874,824	486,056
Cash flows provided by financing activities, donor restricted contributions received	25,000	15,000
Net increase in cash and cash equivalents	384,116	5,883
Cash and cash equivalents:		
Beginning	1,526,233	1,520,350
Ending	\$ 1,910,349	\$ 1,526,233

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.

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

Net assets without donor restrictions includes all net assets, which are not restricted and relate to the current period campaign. If the Board of Directors specifies a purpose where none has been stated by the original donor, such funds are classified as designated funds without donor 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 with donor restrictions include contributed net assets for which donor-imposed time and purpose restrictions have not been met and the ultimate purpose of the contribution is restricted. Upon requirements being met, funds will be classified as net assets without donor restrictions as outlined earlier.

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's 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 older, 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.

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 five 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. The program was discontinued in September 2018.

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.

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)

*spark*5.* 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 from 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 \$1,698,943 and \$1,388,715 on deposit in sweep accounts as of June 30, 2019 and 2018, 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 November 2020.

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 2019 and 2018 was 3.50% and 2.50%, respectively. The actual shrinkage amount could differ from these estimates. The provision for uncollectible pledges totaled \$199,394 and \$213,700 for the years ended June 30, 2019 and 2018, respectively.

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 net assets with donor restrictions or net assets without donor restrictions 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.

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)

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 3 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, 2019 and 2018, 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, 2019, allocations of a 12-month period, payable subsequent to June 30, 2019, have been approved and were recorded as an expense and as a liability.

Revenue recognition: 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 with donor restrictions until appropriated by the Board of Directors. Expirations of donor 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 donor-restricted revenue, and a reclassification to net assets without donor restrictions 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.

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

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)

Agency transactions: Certain funds can be designated by donors to the Organization's 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, 2019 and 2018 were \$1,065,533 and \$1,116,009, 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, 2019 and 2018. 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, 2019 and 2018. The Organization is no longer subject to examinations by federal authorities for years ended before June 30, 2016 and has not been notified of any impending examinations and no examinations are currently in process.

Amounts held on behalf of 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.

Reclassifications: Certain amounts within the statement of financial position as of June 30, 2018 have been reclassified, with no effect on the statement of activities, to be consistent with the classifications adopted for the current year ended June 30, 2019.

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 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.

The FASB issued ASU No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This ASU applies to all Not-for-Profit Entities and business entities that receive or make contributions. The guidance clarifies how entities determine whether to account for a transfer of assets (or a reduction, settlement or cancellation of a liability) as an exchange transaction or a contribution. The new guidance also clarifies that a contribution is conditional if the agreement includes both a barrier (or barriers) that must be overcome for the recipient to be entitled to the assets transferred and a right of return for the transferred assets or a right of release of the promisor's obligation to transfer assets. This ASU is effective for annual periods beginning after December 15, 2018. Early adoption is permitted. The Organization is in the process of evaluating the impact of this adoption on its financial statements.

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% equity interest in the building, with the Organization receiving the greater of 20% of the sale price or \$375,000, upon the sale of the building by the new owner. Contribution income of \$440,000 (20% of the building value at the time of the donation) was recorded in 1997 under restricted support within net assets with donor restrictions 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% of the sale price) due annually over the next four years. The receivable was fully paid during the year ended June 30, 2019.

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

Notes to Consolidated Financial Statements

Note 3. Pledges Receivable

The Organization's pledges receivables consist of annual campaign pledges and multi-year pledges that relate to spark*5. Pledges receivable as of June 30, 2019 and 2018 were due as follows:

	2019		
	UWECI	FCFH	Total
Year ending June 30:			
2020	\$ 2,677,663	\$ 62,661	\$ 2,740,324
2021	157,153	-	157,153
2022	89,707	-	89,707
2023	81,707	-	81,707
2024	1,000	-	1,000
	<u>\$ 3,007,230</u>	<u>\$ 62,661</u>	3,069,891
Allowance for pledge loss			(229,230)
Discount for multi-year pledges			(15,295)
Net pledges			<u>\$ 2,825,366</u>
	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>

Note 4. Property and Equipment

Net property and equipment as of June 30, 2019 and 2018 consisted of the following:

	2019		
	UWECI	HSC	Total
Cost:			
Land	\$ -	\$ 1,555,594	\$ 1,555,594
Building	-	12,318,796	12,318,796
Furnishings and equipment	526,686	145,289	671,975
Total cost	526,686	14,019,679	14,546,365
Less accumulated depreciation	447,800	2,769,419	3,217,219
	<u>\$ 78,886</u>	<u>\$ 11,250,260</u>	<u>\$ 11,329,146</u>

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

Notes to Consolidated Financial Statements

Note 4. Property and Equipment (Continued)

	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	515,614	14,019,694	14,535,308
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>

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, 2019 and 2018, the Organization received distributions from the fund totaling \$14,939 and \$15,165, 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, 2019 and 2018:

	2019	2018
Interest and dividends	\$ 165,867	\$ 132,389
Net change in fair value of investments	21,994	106,675
Change in beneficial interest in assets held by community foundation	12,940	22,163
	<u>\$ 200,801</u>	<u>\$ 261,227</u>

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.

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

Notes to Consolidated Financial Statements

Note 6. Fair Value of Financial Instruments (Continued)

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, 2019 and 2018.

The following table presents assets measured at fair value by classification within the fair value hierarchy as of June 30, 2019 and 2018:

	2019			
	Fair Value Measurements			
	Fair Value	Level 1	Level 2	Level 3
Assets:				
Domestic equity mutual funds	\$ 1,190,640	\$ 1,190,640	\$ -	\$ -
Taxable corporate bonds	535,070	-	535,070	-
Money market funds	6,343	6,343	-	-
	1,732,053	1,196,983	535,070	-
Beneficial interest in assets held by community foundation	343,745	-	-	343,745
	<u>\$ 2,075,798</u>	<u>\$ 1,196,983</u>	<u>\$ 535,070</u>	<u>\$ 343,745</u>

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

Notes to Consolidated Financial Statements

Note 6. Fair Value of Financial Instruments (Continued)

	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	-	-
	1,686,418	1,227,840	458,578	-
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>

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, 2019 and 2018:

	2019	2018
Beneficial interest in assets held by community foundation:		
Balance, beginning	\$ 345,744	\$ 338,746
Investment income	12,940	22,163
Distributions	(14,939)	(15,165)
Balance, ending	<u>\$ 343,745</u>	<u>\$ 345,744</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 \$704,888 and \$701,664 as of June 30, 2019 and 2018, respectively.

Note 8. Nature and Amounts of Net Assets with Donor Restrictions

Net assets with donor restrictions are available for the following purposes as of June 30, 2019 and 2018:

	2019	2018
Purpose restricted:		
Children's needs	\$ 517,194	\$ 513,366
Donor restricted endowed funds	503,650	478,120
Sponsorship	98,650	150,498
Linn County VITA	-	19,659
Total purpose restricted	<u>1,119,494</u>	<u>1,161,643</u>
Time restricted:		
Term endowments	150,000	150,000
Unappropriated endowment earnings spark*5	200,066	191,536
Contributions for future campaigns	607,925	435,633
	409,924	376,939
Total time restricted	<u>1,367,915</u>	<u>1,154,108</u>
	<u>\$ 2,487,409</u>	<u>\$ 2,315,751</u>

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

Notes to Consolidated Financial Statements

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 certain net assets with donor restrictions as:

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

The donor-restricted endowment fund is classified as net assets with donor restrictions 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, 2019, the Organization has a policy of appropriating for distribution 4.5% 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.

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

Notes to Consolidated Financial Statements

Note 9. Endowments (Continued)

Endowment net asset composition by type of fund as of June 30, 2019 and 2018 is as follows:

	2019		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	\$ -	\$ 1,370,910	\$ 1,370,910
Board-designated quasi-endowment funds	704,888	-	704,888
Total endowment funds	<u>\$ 704,888</u>	<u>\$ 1,370,910</u>	<u>\$ 2,075,798</u>

	2018		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	\$ -	\$ 1,330,498	1,330,498
Board-designated quasi-endowment funds	701,664	-	701,664
Total endowment funds	<u>\$ 701,664</u>	<u>\$ 1,330,498</u>	<u>\$ 2,032,162</u>

Changes in endowment net assets for the years ended June 30, 2019 and 2018:

	Year Ended June 30, 2019		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 701,664	\$ 1,330,498	\$ 2,032,162
Investment income	27,584	20,542	48,126
Investment fees	(3,196)	(3,527)	(6,723)
Net appreciation	5,493	16,501	21,994
Contributions	4,079	25,000	29,079
Change in beneficial interest	12,940	-	12,940
Appropriation of endowment assets for expenditure	(43,676)	(18,104)	(61,780)
Endowment net assets, end of year	<u>\$ 704,888</u>	<u>\$ 1,370,910</u>	<u>\$ 2,075,798</u>

	Year Ended June 30, 2018		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 669,969	\$ 1,242,139	\$ 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>\$ 1,330,498</u>	<u>\$ 2,032,162</u>

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

Notes to Consolidated Financial Statements

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, 2019 and 2018 totaled \$116,008 and \$118,011, respectively.

Note 11. Future Commitments

The Organization has a contract with a firm to provide various equipment and technology services expiring through July 2022. Future minimum payments are as follows:

Years ending June 30:	
2020	\$ 84,171
2021	28,527
2022	28,527
2023	2,378
	<u>\$ 143,603</u>

Note 12. Rental Revenue

HSC is leasing space to tenants under rental agreements expiring at various dates through December 2023. Future minimum rent revenue on these agreements is as follows:

Years ending June 30:	
2020	\$ 338,372
2021	173,967
2022	19,368
2023	19,368
2024	9,684
	<u>\$ 560,759</u>

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

Notes to Consolidated Financial Statements

Note 13. Financial Assets Availability and Liquidity

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments while also striving to maximize the return on investment of its funds not required for annual operations. The Organization has various sources of liquidity at its disposal, including cash and cash equivalents and certificate of deposits. Based on historical experience, only a portion of contribution receivable due within one year are considered available for use in meeting annual operating needs (liquid). As of June 30, 2019, the following financial assets are available to meet annual operating needs:

Cash and cash equivalents	\$ 1,910,349
Contributions for unrestricted purposes due in one year or less, net	2,511,094
Certificates of deposit	2,337,210
Investments	2,075,798
Total financial assets as of June 30, 2019	<u>\$ 8,834,451</u>

Financial assets available to meet general expenditures over the next 12 months:

Cash	\$ 1,910,349
Certificates of deposit	2,337,210
Contributions for unrestricted purposes due in one year or less, net	2,511,094
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 6,758,653</u>

Note 14. Adoption of ASU 2016-14

In the current year ended June 30, 2019, the Organization adopted ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, which amends the requirements for financial statements and notes in Topic 958 to require the Organization to make reporting changes affecting the following:

- Net asset classifications and related disclosures.
- Additional disclosures useful in assessing liquidity within one year of the statement of financial position date.
- Recognition of the expiration of restrictions under the placed-in-service approach for all capital gifts, which resulted in a \$6,000,000 reclassification from donor restrictions to without donor restrictions for the earliest period presented.

Amounts previously reported for the year ended June 30, 2018 and as of June 30, 2017 and 2018 have been reclassified, on a retrospective basis, to achieve consistent presentation. Amounts previously reported as temporarily or permanently restricted have been reclassified to be reported as with donor restrictions. Amounts previously reported as unrestricted have been reclassified to be reported as without donor restrictions.

Note 15. Subsequent Events

The Organization has evaluated all subsequent events through September 30, 2019, 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, 2019 and 2018

	2019				
	UWECI	HSC	FCFH	Eliminations	Total
Assets					
Cash and cash equivalents	\$ 1,543,100	\$ 166,816	\$ 200,433	\$ -	\$ 1,910,349
Certificates of deposit	1,501,094	836,116	-	-	2,337,210
Receivables:					
Pledges, net	2,762,705	-	62,661	-	2,825,366
Accrued interest	18,158	5,490	-	-	23,648
Kirkwood note	-	-	-	-	-
Miscellaneous	479,001	-	-	-	479,001
Related-party receivable	-	-	173,000	(173,000)	-
Prepaid expenses	50,781	33,555	-	-	84,336
Investments	2,075,798	-	-	-	2,075,798
Property and equipment, net	78,871	11,250,275	-	-	11,329,146
Total assets	\$ 8,509,508	\$ 12,292,252	\$ 436,094	\$ (173,000)	\$ 21,064,854
Liabilities and Net Assets					
Liabilities:					
Allocations and grants payable:					
Agency allocations	\$ 4,638,943	\$ -	\$ 301,281	\$ -	\$ 4,940,224
Initiative fund grants	639,536	-	-	-	639,536
Donor designations	758,541	-	-	-	758,541
Accounts payable	174,724	84,787	13,408	-	272,919
Related-party payable	173,000	-	-	(173,000)	-
Accrued expenses	246,710	44,824	1,729	-	293,263
Total liabilities	6,631,454	129,611	316,418	(173,000)	6,904,483
Net assets:					
Without donor restrictions:					
Undesignated	(1,314,243)	12,162,641	119,676	-	10,968,074
Designated	704,888	-	-	-	704,888
Total without donor restrictions	(609,355)	12,162,641	119,676	-	11,672,962
With donor restrictions	2,487,409	-	-	-	2,487,409
Total net assets	1,878,054	12,162,641	119,676	-	14,160,371
Total liabilities and net assets	\$ 8,509,508	\$ 12,292,252	\$ 436,094	\$ (173,000)	\$ 21,064,854

2018

	UWECI	HSC	FCFH	Eliminations	Total
\$	1,130,748	\$ 174,544	\$ 220,941	\$ -	\$ 1,526,233
	2,202,722	825,000	-	-	3,027,722
	3,286,332	-	64,050	-	3,350,382
	11,915	4,352	-	-	16,267
	145,631	-	-	-	145,631
	383,068	-	-	-	383,068
	-	-	223,025	(223,025)	-
	45,053	11,284	885	-	57,222
	2,032,162	-	-	-	2,032,162
	136,231	11,580,863	-	-	11,717,094
<u>\$</u>	<u>9,373,862</u>	<u>\$ 12,596,043</u>	<u>\$ 508,901</u>	<u>\$ (223,025)</u>	<u>\$ 22,255,781</u>

\$	4,743,943	\$ -	\$ 299,195	\$ -	\$ 5,043,138
	797,905	-	-	-	797,905
	760,088	-	-	-	760,088
	104,523	67,122	1,763	-	173,408
	223,025	-	-	(223,025)	-
	237,746	54,698	8,901	-	301,345
	6,867,230	121,820	309,859	(223,025)	7,075,884

	(510,783)	12,474,223	199,042	-	12,162,482
	701,664	-	-	-	701,664
	190,881	12,474,223	199,042	-	12,864,146
	2,315,751	-	-	-	2,315,751
	2,506,632	12,474,223	199,042	-	15,179,897
<u>\$</u>	<u>9,373,862</u>	<u>\$ 12,596,043</u>	<u>\$ 508,901</u>	<u>\$ (223,025)</u>	<u>\$ 22,255,781</u>

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

Consolidating Statements of Activities
Years Ended June 30, 2019 and 2018

	2019				
	UWECI	HSC	FCFH	Eliminations	Total
Support and revenue:					
Gross campaign results in current period	\$ 8,189,560	\$ -	\$ -	\$ -	\$ 8,189,560
Less donor designations	1,065,533	-	-	-	1,065,533
Campaign revenue	7,124,027	-	-	-	7,124,027
Less provision for uncollectible pledges	199,394	-	-	-	199,394
Total net campaign revenue	6,924,633	-	-	-	6,924,633
Other contributions	486,044	-	312,946	(211,368)	587,622
Donor designation fees	48,974	-	-	-	48,974
Investment income	179,041	21,537	223	-	200,801
Rental income	-	476,509	-	(110,595)	365,914
Special events	31,217	-	-	-	31,217
Sponsorships	112,319	-	-	-	112,319
Miscellaneous income	31,709	-	1,000	-	32,709
Total support and revenue	7,813,937	498,046	314,169	(321,963)	8,304,189
Expenses:					
Program services:					
Allocation Services	5,223,278	-	-	(173,000)	5,050,278
Labor Community Services	36,142	-	-	(693)	35,449
Community Building	422,522	-	-	(28,986)	393,536
Volunteer Management	284,874	-	-	(8,237)	276,637
55+ Program	81,701	-	-	(3,389)	78,312
Youth Achievement AmeriCorps	14,120	-	-	(818)	13,302
Volunteer Income Tax Assistance	77,258	-	-	(2,306)	74,952
Reading into Success	122,080	-	-	(2,762)	119,318
spark*5	435,490	-	-	(11,230)	424,260
FCFH	-	-	393,535	-	393,535
Total program services	6,697,465	-	393,535	(231,421)	6,859,579
Supporting activities:					
Organizational administration	639,233	-	-	(23,753)	615,480
Fundraising	966,727	-	-	(29,323)	937,404
Marketing and communications	106,837	-	-	(5,213)	101,624
Other agency administrative support	32,253	-	-	(32,253)	-
HSC	-	809,628	-	-	809,628
Total supporting activities	1,745,050	809,628	-	(90,542)	2,464,136
Total expenses	8,442,515	809,628	393,535	(321,963)	9,323,715
Change in net assets	(628,578)	(311,582)	(79,366)	-	(1,019,526)
Net assets:					
Beginning	2,506,632	12,474,223	199,042	-	15,179,897
Ending	\$ 1,878,054	\$ 12,162,641	\$ 119,676	\$ -	\$ 14,160,371

2018				
UWECI	HSC	FCFH	Eliminations	Total
\$ 8,605,824	\$ -	\$ -	\$ -	\$ 8,605,824
1,116,009	-	-	-	1,116,009
7,489,815	-	-	-	7,489,815
213,700	-	-	-	213,700
7,276,115	-	-	-	7,276,115
529,071	-	366,619	(273,544)	622,146
121,308	-	-	-	121,308
254,174	6,853	200	-	261,227
-	481,861	-	(116,070)	365,791
30,829	-	-	-	30,829
171,147	-	-	-	171,147
30,994	-	19,500	-	50,494
8,413,638	488,714	386,319	(389,614)	8,899,057
5,537,006	-	-	(223,025)	5,313,981
35,554	-	-	(729)	34,825
499,147	-	-	(30,774)	468,373
281,661	-	-	(8,509)	273,152
83,423	-	-	(3,538)	79,885
149,275	-	-	(5,979)	143,296
88,581	-	-	(3,530)	85,051
146,573	-	-	(2,607)	143,966
417,099	-	-	(11,799)	405,300
-	-	380,005	-	380,005
7,238,319	-	380,005	(290,490)	7,327,834
706,136	-	-	(27,148)	678,988
895,943	-	-	(30,538)	865,405
101,608	-	-	(5,397)	96,211
36,041	-	-	(36,041)	-
-	768,025	-	-	768,025
1,739,728	768,025	-	(99,124)	2,408,629
8,978,047	768,025	380,005	(389,614)	9,736,463
(564,409)	(279,311)	6,314	-	(837,406)
3,071,041	12,753,534	192,728	-	16,017,303
\$ 2,506,632	\$ 12,474,223	\$ 199,042	\$ -	\$ 15,179,897

