

FOX VALLEY UNITED WAY
FINANCIAL STATEMENTS
with
INDEPENDENT AUDITORS' REPORT

For the Year Ended June 30, 2018
With Comparative Totals For the Year Ended June 30, 2017

Weber & Associates CPAs, LLC
Certified Public Accountants

FOX VALLEY UNITED WAY
INDEX TO FINANCIAL STATEMENTS

	<u>Page</u>
INDEPENDENT AUDITORS' REPORT	1-2
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5-6
Statement of Cash Flows	7
Notes to Financial Statements	8-16

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Fox Valley United Way
Aurora, Illinois

We have audited the accompanying financial statements of Fox Valley United Way (a not-for-profit organization), which comprise the statement of financial position as of June 30, 2018, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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.

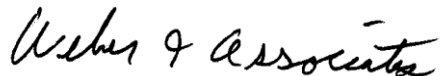
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Fox Valley United Way as of June 30, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Fox Valley United Way's 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 8, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Aurora, Illinois
May 14, 2019

FOX VALLEY UNITED WAY
STATEMENT OF FINANCIAL POSITION
June 30, 2018 and 2017

	2018	2017
ASSETS		
Current assets		
Cash and cash equivalents	\$ 533,642	\$ 343,696
Campaign pledges receivable, net of allowance for uncollectible amounts of \$230,853 and \$171,830 as of June 30, 2018 and 2017, respectively	267,705	496,254
Grants receivable	85,000	15,000
Other receivables	2,216	2,353
Prepaid expenses	44,024	33,113
Total current assets	<u>932,587</u>	<u>890,416</u>
Property and equipment, at cost		
Furniture and equipment	106,667	105,319
Less: accumulated depreciation	<u>(103,851)</u>	<u>(103,015)</u>
Net property and equipment	<u>2,816</u>	<u>2,304</u>
Total assets	<u>\$ 935,403</u>	<u>\$ 892,720</u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	\$ 21,278	\$ 34,750
Accrued expenses	34,231	24,675
Allocations payable	161,260	276,459
Designations payable to other agencies	45,630	20,999
Total current liabilities	<u>262,399</u>	<u>356,883</u>
Net assets		
Unrestricted	(103,189)	46,596
Temporarily restricted	776,193	489,241
Total net assets	<u>673,004</u>	<u>535,837</u>
Total liabilities and net assets	<u>\$ 935,403</u>	<u>\$ 892,720</u>

See accompanying notes to financial statements.

FOX VALLEY UNITED WAY
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2018
With Comparative Totals For the Year Ended June 30, 2017

	Unrestricted	Temporarily Restricted	Totals	
			2018	2017
Public support and other revenue				
Gross campaign results	\$ 691,079	\$ 259,267	\$ 950,346	\$ 1,014,673
Less donor designations	(50,222)	-	(50,222)	(31,375)
Less designations paid by others	(57,340)	-	(57,340)	(54,113)
Gross campaign revenue	583,517	259,267	842,784	929,185
Provision for uncollectible pledges	(204,542)	-	(204,542)	(116,939)
Net campaign revenue	378,975	259,267	638,242	812,246
Inherent contribution from acquisition	-	-	-	130,185
Designations from other United Ways	144,608	-	144,608	181,787
Special events, net of direct costs of \$12,735 for 2018 and \$9,428 for 2017	24,785	-	24,785	7,172
Service fees	1,439	-	1,439	620
Fundraising fees	7,955	-	7,955	3,354
Grants and contributions	9,642	525,846	535,488	233,277
In-kind contributions	26,940	1,015	27,955	53,419
Interest income	277	1,897	2,174	31
Other miscellaneous income	-	-	-	1,545
Net assets released from restriction	565,318	(565,318)	-	-
Total public support and other revenue	1,159,939	222,707	1,382,646	1,423,636
Expenses				
Program services				
Net funds allocated/awarded to agencies	402,114	-	402,114	670,479
SPARK Early Learning Initiative	250,087	-	250,087	321,098
Other program services	253,809	-	253,809	243,984
Total program services	906,010	-	906,010	1,235,561
Support services				
Management and general	186,906	-	186,906	131,184
Fundraising	152,563	-	152,563	168,708
Total support services	339,469	-	339,469	299,892
Total expenses	1,245,479	-	1,245,479	1,535,453
Expenses in excess of public support and other revenue	(85,540)	222,707	137,167	(111,817)
Transfer to temporarily restricted net assets	(64,245)	64,245	-	-
Change in net assets	(149,785)	286,952	137,167	(111,817)
Net assets, beginning of year	46,596	489,241	535,837	647,654
Net assets, end of year	\$ (103,189)	\$ 776,193	\$ 673,004	\$ 535,837

See accompanying notes to financial statements.

FOX VALLEY UNITED WAY
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2018
With Comparative Totals For the Year Ended June 30, 2017

	Program Services				Support Services			Total Program and Support Service Expenses	
	Allocation Services	SPARK	Volunteer	Total	Management and General	Fundraising	Total	2018	2017
		Early Learning Initiative	Fox Valley						
FUNCTIONAL EXPENSES									
Allocations/ awards to agencies	\$ 425,035	\$ -	\$ -	\$ 425,035	\$ -	\$ -	\$ -	\$ 425,035	\$ 695,662
Less: donor designations	(22,921)	-	-	(22,921)	-	-	-	(22,921)	(25,183)
Net allocations/awards to agencies	402,114	-	-	402,114	-	-	-	402,114	670,479
Payroll expenses									
Salaries	133,691	108,369	-	242,060	75,673	75,053	150,726	392,786	364,495
Payroll taxes	10,435	7,861	-	18,296	5,000	6,304	11,304	29,600	28,317
Employee benefits	24,197	10,362	-	34,559	11,594	14,619	26,213	60,772	55,332
Retirement plan	5,832	5,100	-	10,932	2,795	3,523	6,318	17,250	13,668
Total payroll expenses	174,155	131,692	-	305,847	95,062	99,499	194,561	500,408	461,812
Contract services	-	-	-	-	-	500	500	500	41
Accounting and legal fees	-	8,046	-	8,046	36,505	-	36,505	44,551	29,628
Supplies	1,178	6,505	-	7,683	564	3,646	4,210	11,893	36,578
Printing and publications	5,201	1,316	-	6,517	567	987	1,554	8,071	31,151
Postage and shipping	386	-	-	386	71	90	161	547	1,602
Telephone	592	1,698	-	2,290	1,097	1,383	2,480	4,770	3,340
Information technology and support	3,003	1,778	4,000	8,781	4,740	6,082	10,822	19,603	30,870
Office rent	5,945	11,726	-	17,671	8,468	10,677	19,145	36,816	36,889
Utilities and maintenance	262	1,311	-	1,573	754	950	1,704	3,277	4,724
Conferences and meetings	1,023	4,257	-	5,280	506	607	1,113	6,393	3,476
Travel	485	1,312	-	1,797	233	293	526	2,323	2,881
Insurance	3,971	-	-	3,971	1,696	2,168	3,864	7,835	9,036
Special event expenses	1,228	-	-	1,228	-	8,279	8,279	9,507	4,842
Advertising and marketing	4,399	753	19	5,171	478	9,245	9,723	14,894	34,156
Other professional services	4,662	149	-	4,811	2,234	2,816	5,050	9,861	2,600
Consulting	10,187	76,432	-	86,619	18,437	-	18,437	105,056	111,499
Equipment lease and maintenance	214	1,070	-	1,284	615	776	1,391	2,675	4,334
Community and youth initiative grants	19,000	-	-	19,000	-	-	-	19,000	19,133
Dues and subscriptions	403	932	-	1,335	11,635	524	12,159	13,494	3,795
Bank fees	1,240	-	-	1,240	594	750	1,344	2,584	2,150

See accompanying notes to financial statements.

FOX VALLEY UNITED WAY
STATEMENT OF FUNCTIONAL EXPENSES, continued
For the Year Ended June 30, 2018
With Comparative Totals For the Year Ended June 30, 2017

	Program Services			Support Services			Total Program and Support Service Expenses		
	Allocation Services	SPARK Early Learning Initiative	Volunteer Fox Valley	Total	Management and General	Fundraising	Total	2018	2017
FUNCTIONAL EXPENSES, continued									
Participant incentives	-	-	-	-	-	-	-	-	9,275
United Way Worldwide dues	5,036	-	-	5,036	2,413	3,042	5,455	10,491	13,413
Holiday assistance	6,810	-	-	6,810	-	-	-	6,810	5,137
Miscellaneous expense	398	300	-	698	231	241	472	1,170	1,413
Depreciation expense	12	810	-	822	6	8	14	836	1,199
Other expenses	75,635	118,395	4,019	198,049	91,844	53,064	144,908	342,957	403,162
TOTAL FUNCTIONAL EXPENSES	\$ 651,904	\$ 250,087	\$ 4,019	\$ 906,010	\$ 186,906	\$ 152,563	\$ 339,469	\$ 1,245,479	\$ 1,535,453

See accompanying notes to financial statements.

FOX VALLEY UNITED WAY
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2018
With Comparative Totals For the Year Ended June 30, 2017

	2018	2017
Cash flows from operating activities		
Change in net assets	\$ 137,167	\$ (111,817)
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	836	1,199
Inherent contribution from acquisition	-	(130,185)
Changes in assets and liabilities		
Contributions receivable	228,549	84,499
Grants receivable	(70,000)	94,506
Prepaid expenses	(10,911)	961
Other receivables	137	(137)
Accounts payable	(13,472)	(9,669)
Accrued expenses	9,556	595
Allocations payable	(115,199)	9,159
Designations payable	24,631	(35,917)
Net cash provided by (used in) operating activities	<u>191,294</u>	<u>(96,806)</u>
Cash flows from investing activities		
Cash received from acquisition	-	38,387
Purchase of property and equipment	(1,348)	(1,336)
Net cash provided by (used in) investing activities	<u>(1,348)</u>	<u>37,051</u>
Change in cash and cash equivalents	189,946	(59,755)
Cash and cash equivalents, beginning of year	<u>343,696</u>	<u>403,451</u>
Cash and cash equivalents, end of year	<u>\$ 533,642</u>	<u>\$ 343,696</u>
Noncash investing activities		
Acquisition		
Assets acquired, net of cash received	\$ -	\$ 91,798

See accompanying notes to financial statements.

FOX VALLEY UNITED WAY
NOTES TO FINANCIAL STATEMENTS
June 30, 2018 With Comparative Totals for June 30, 2017

1. ORGANIZATION AND PURPOSE

Organization

Fox Valley United Way (the Organization) is an independently operated not-for-profit organization governed by a volunteer board of directors. The Organization has committed to complying with the United Way Worldwide Cost Deduction Standards.

Nature of Activities

The Organization provides services for planning community activities and fundraisers, evaluating individual agency programs, informing the community of various activities it sponsors, and helping solve community problems. Funds are raised from the businesses and people of the Fox Valley area including Central and Southern Kane and Kendall counties through an annual campaign appeal. The program services of the Organization include allocating campaign collections to various community social service agencies, public information and community awareness, and sponsoring a website that connects volunteers with local nonprofit agencies through the Volunteer Fox Valley program.

The SPARK (Strong, Prepared And Ready for Kindergarten) program of Fox Valley United Way strives to empower diverse families and children to attain full success in learning and life by ensuring all young children in Aurora and the Fox Valley area have equal access to exemplary early childhood care and education. SPARK improves and strengthens the early childhood system by 1) educating and informing parents and the community about the importance and value of an early childhood education, the impact it has on children's success in school and life and connecting them with programs and services; 2) ensuring professional development of early childhood education teachers and learning center participation in the statewide Quality Rating Improvement System; 3) coordinating a system in which school districts, community-based early childhood programs, and community agencies serving families and children work as one unit to ensure that the area's young children have the resources, knowledge and skills to be Strong, Prepared, and Ready for Kindergarten.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP) and with the financial statement standards of United Way Worldwide.

Basis of Presentation

The Organization has presented its financial statements in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-205, *Not-for-Profit Entities, Presentation of Financial Statements* .

FOX VALLEY UNITED WAY
NOTES TO FINANCIAL STATEMENTS
June 30, 2018 With Comparative Totals for June 30, 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Information regarding the Organization's financial position and activities are presented on the basis of three classes of net assets. Unrestricted net assets include resources available to support the Organization's operations. Temporarily restricted net assets result from contributions and other inflows of assets whose use is limited by donor-imposed stipulations that either expire by the passage of time or can be fulfilled and removed by actions of the Organization. The Organization has no permanently restricted net assets.

Prior Year Summarized Comparative Information

The financial statements include certain prior year summarized comparative information. In the statement of activities, prior year information is presented in total but not by net asset class. In the statement of functional expenses, comparative prior year expenses are presented in total rather than by functional category. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2017, from which the summarized information was derived.

Cash and Cash Equivalents

The Organization considers short-term highly liquid investments purchased with a maturity of three months or less to be cash equivalents. Short-term investments consist of bank money market accounts and repurchase sweep accounts.

Fixed Assets

Office equipment, furniture and fixtures are recorded at cost if purchased or fair market value at the date of donation and are being depreciated using the straight-line method over the estimated useful lives of the assets. Generally, the Organization's policy is to capitalize assets with a cost exceeding \$500. Depreciation expense for the years ended June 30, 2018 and 2017 was \$836 and \$1,199, respectively.

Campaign Pledges Receivable and Allowance for Uncollectible Amounts

Each fall the Organization conducts an annual fundraising campaign whereby it solicits voluntary contributions from the general public in the Fox Valley area in the form of cash contributions and pledges to make future cash contributions. The Organization's ability to collect pledges can be affected by local economic conditions. The Organization uses the allowance method to determine uncollectible promises receivable. The allowance is computed based upon historical averages adjusted by management's estimate of current economic factors that could affect pledge collections. After two years, uncollected campaign pledges are written off. Campaign pledges receivable are included in temporarily restricted net assets net of the allowance and allocations payable to agencies.

FOX VALLEY UNITED WAY
NOTES TO FINANCIAL STATEMENTS
June 30, 2018 With Comparative Totals for June 30, 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributions

Gross campaign results consist of cash and unconditional promises to give to the Organization received during the annual fundraising campaigns and include contributions processed by third-party processors. Conditional promises to give are not recognized until they become unconditional, that is, at the time when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value at the date of donation. Other contributions and grants received in support of specific programs or solutions for community problems are reported as temporarily restricted support and are reclassified to unrestricted net assets upon fulfillment of the purpose restriction.

Donor Designated Contributions

Donors may choose to designate contributions to be distributed to a specific agency or another United Way. Such contributions are referred to as donor designations. The collection of these contributions and distribution to specified agencies or United Ways are transactions in which the Organization is acting as an agent. These transactions are not reported in the statement of activities as revenue and expenses, but are included in gross campaign results in the statement of activities then deducted as donor designated contributions before arriving at net campaign revenue.

In-Kind Contributions

The Organization receives and records various types of in-kind contributions consisting of equipment, supplies, advertising, computer support, printing and other services. Contributed services are recognized at fair value if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributions of tangible assets are recognized at fair value when received. Although the Organization receives a significant amount of contributed time from volunteers, this time does not meet the recognition criteria and accordingly, is not reflected in the accompanying financial statements.

Allocations to Agencies

Allocations to partner United Way agencies are recorded as expenses when they are approved by the Board of Directors and communicated to the respective agencies. These allocations are generally payable within one year. Allocations payable amounting to \$161,260 at June 30, 2018 consist of amounts approved for payment beginning July 1, 2018 from the 2017 campaign revenue and are included in the amount released from restriction on the statement of activities. At June 30, 2017, allocations payable from the 2016 campaign amounted to \$276,459.

FOX VALLEY UNITED WAY
NOTES TO FINANCIAL STATEMENTS
June 30, 2018 With Comparative Totals for June 30, 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Advertising Costs

The Organization expenses advertising costs as incurred. Expenses incurred were \$14,894 and \$34,156 for the years ended June 30, 2018 and 2017, respectively.

Functional Expense Allocations

The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying financial statements. Expenses that can be directly identified with a program or supporting services to which they relate are charged to the program or supporting service accordingly. Other expenses have been allocated among the program and supportive services benefited based on the average of number of employees, time spent, dedicated square footage or on a direct cost basis consistent with the standards for allocation of functional expenses in accordance with generally accepted accounting principles and United Way Worldwide.

Income Taxes

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and has been classified as a public charity pursuant to a letter from the U.S. Treasury Department dated March 20, 1963. In addition, the Organization is exempt from Illinois income taxes. Accordingly, no provision for income taxes is included in the financial statements.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and the differences could be material to these financial statements.

Recent Accounting Pronouncements

In August 2016, Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. ASU 2016-14 represents phase 1 of FASB's Not-for Profit financial reporting project and reduces the number of net asset classes, requires expense presentation by functional and natural classification, requires quantitative and qualitative information in liquidity, retains the option to present the cash flow statement on a direct or indirect method as well as includes various other additional disclosure requirements. ASU 2016-14 is effective for annual reporting periods beginning after December 15, 2017 with retrospective application. The requirements of this statement are effective for Fox Valley United Way for the year ending June 30, 2019. Management is currently evaluating the impact of the provisions of ASU 2016-14 on the financial statements.

FOX VALLEY UNITED WAY
NOTES TO FINANCIAL STATEMENTS
June 30, 2018 With Comparative Totals for June 30, 2017

3. ACQUISITION OF UNITED WAY OF CENTRAL KANE COUNTY

On January 15, 2016, Fox Valley United Way (FVUW) entered into a Plan and Agreement of Merger (the Agreement) to combine its operations with United Way of Central Kane County (UWCKC) wherein UWCKC would become part of FVUW as of August 1, 2016 (the Effective Date). UWCKC ceased to exist as of August 1, 2016. The transaction was determined to be an acquisition in accordance with FASB ASC 958-805, *Business Combinations*.

In accordance with generally accepted accounting principles, FVUW recorded in its financial statements the transfer of identifiable assets acquired from UWCKC at their fair values as of the Effective Date. No consideration was transferred from FVUW to UWCKC in connection with this transaction, and the amount of net assets acquired by FVUW was accounted for as an inherent contribution from UWCKC to FVUW.

Following is a summary of assets acquired at the Effective Date:

Cash	\$ 38,387
Pledges receivable	91,198
Prepaid expenses	600
Inherent contribution to FVUW	<u>\$ 130,185</u>

4. OTHER RECEIVABLES

Other receivables consist of the following at June 30:

	<u>2018</u>	<u>2017</u>
Accounts receivable - other	\$ 216	\$ 353
Rent deposit	2,000	2,000
	<u>\$ 2,216</u>	<u>\$ 2,353</u>

The Organization considers these receivables to be fully collectible; accordingly no allowance for doubtful accounts has been established.

FOX VALLEY UNITED WAY
NOTES TO FINANCIAL STATEMENTS
June 30, 2018 With Comparative Totals for June 30, 2017

5. PLEDGES RECEIVABLE

Pledges receivable consisted of the following as of June 30, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Prior year's campaign	\$ 114,299	\$ 175,741
Current year's campaign	348,259	456,543
Next year's campaign	<u>36,000</u>	<u>35,800</u>
	498,558	668,084
Less allowance for uncollectible pledges	<u>(230,853)</u>	<u>(171,830)</u>
Pledges receivable, net	<u><u>\$ 267,705</u></u>	<u><u>\$ 496,254</u></u>

6. EMPLOYEE PENSION PLAN

The Organization has a defined contribution pension plan covering all eligible employees. Eligible employees are persons who have at least one year of service with the Organization. During the years ended June 30, 2018 and 2017, the Organization contributed 5% of all participants' compensation to the Plan. The Organization's pension plan expense for the fiscal years ended June 30, 2018 and 2017 was \$17,250 and \$13,668, respectively.

7. CONTRIBUTED MATERIALS AND SERVICES

The amounts reflected in the accompanying financial statements as in-kind contributions are offset by like amounts included in expenses or additions to property and equipment. The Organization received the following in-kind contributions during the years ended June 30:

	<u>2018</u>	<u>2017</u>
Advertising and marketing	\$ 10,632	\$ 21,837
Other professional services	1,950	-
Printing	3,122	3,623
Supplies	-	6,468
Computer support	<u>12,251</u>	<u>21,491</u>
	<u><u>\$ 27,955</u></u>	<u><u>\$ 53,419</u></u>

The Board of Directors makes significant contributions of time with respect to the management and operations of the Organization. Additionally, a substantial number of unpaid volunteers have made significant contributions of their time to the Organization. The value of this contributed time is not reflected in the financial statements.

FOX VALLEY UNITED WAY
NOTES TO FINANCIAL STATEMENTS
June 30, 2018 With Comparative Totals for June 30, 2017

8. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of pledges receivable from the annual campaigns that are restricted for allocation to agencies, program funding and operating expenses in the coming years. In addition, temporarily restricted net assets include grants and contributions received with time or purpose restrictions.

At June 30, 2018 and 2017, temporarily restricted net assets consisted of the following:

	<u>2018</u>	<u>2017</u>
Pledges receivable, net of allowance for uncollectible	\$ 98,007	\$ 108,353
Donor restricted purposes		
Youth programs	64,912	67,412
SPARK Early Learning Initiative	580,783	286,535
Volunteer Fox Valley	18,777	18,796
Other purposes	<u>13,714</u>	<u>8,145</u>
Total temporarily restricted net assets	<u>\$ 776,193</u>	<u>\$ 489,241</u>

9. COMPENSATED ABSENCES

Full-time employees of the Organization are entitled to paid vacation depending on the length of service. Up to five days of earned vacation leave may be carried over. Compensated absences accrued as of June 30, 2018 and 2017 amounted to \$26,923 and \$17,367, respectively.

10. ENDOWMENT FUND

In 1999 the Organization contributed funds to the Community Foundation of the Fox River Valley for the purpose of establishing an endowment fund to be used for support of the mission or activities of the Organization or its affiliated agencies. The fund is the property of the Foundation and the Foundation has ultimate authority and control over all property in the fund and the income derived therefrom. At least annually, the Foundation may distribute the fund's net income to the Organization, or the Organization may elect to accumulate the income. As of June 30, 2018 and 2017, net income available for distribution amounted to \$99.

FOX VALLEY UNITED WAY
NOTES TO FINANCIAL STATEMENTS
June 30, 2018 With Comparative Totals for June 30, 2017

11. LEASE AGREEMENTS

On September 1, 2015, the Organization entered into a five year lease agreement for office space beginning October 15, 2015 and expiring on October 14, 2020. The lease requires annual increases of three percent and includes an option to renew for an additional five-year term.

The Organization executed an agreement to lease additional office space on August 1, 2016 that expired February 28, 2018. Subsequently the Organization continued to lease this space on a month-to-month basis at the same monthly lease amount of \$625.

The Organization leases a copier under a noncancellable operating lease expiring on January 23, 2019. Monthly lease payments include sales tax and charges for excess copies.

Total future minimum lease payments for the years ending June 30 are as follows:

2019	\$	31,423
2020		24,260
2021		7,833

Rent expense recorded for the years ended June 30, 2018 and 2017 totaled \$39,343 and \$37,170, respectively.

12. INCOME TAXES

The Organization is exempt from federal and state income taxes as an organization described under Section 501(c)(3) of the Internal Revenue Code. Income from activities not directly related to the Organization's tax exempt purpose is subject to federal and state income tax as unrelated business income.

The Organization has adopted guidance issued by the Financial Accounting Standards Board (FASB) relating to uncertain tax positions. The Organization's policy is to classify income tax related interest and penalties in interest expense and other expenses, respectively. The Organization has analyzed tax positions taken and believes that income tax filing positions would be sustained upon examination and does not anticipate any adjustments that would have a material adverse effect on the Organization's financial condition, results of operations or cash flows. Accordingly, there were no interest or penalties recognized for uncertain tax positions during the year ended June 30, 2018, and there were no accruals for interest and penalties at June 30, 2018. The 2015-2017 tax years for federal and state of Illinois income tax returns (the Organization's major tax jurisdictions) remain open and are subject to examination.

FOX VALLEY UNITED WAY
NOTES TO FINANCIAL STATEMENTS
June 30, 2018 With Comparative Totals for June 30, 2017

13. CONCENTRATION OF CREDIT RISK

The Organization maintains its bank account balances in two financial institutions. These balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. There were no uninsured bank deposits at June 30, 2018 or 2017. Cash equivalent amounts invested in the repurchase sweep investment accounts are not insured nor guaranteed by the United States government or its agencies.

14. LINE OF CREDIT

During the year ended June 30, 2018, the Organization obtained a line of credit with a financial institution up to \$50,000. The line of credit has a one-year term and is secured by substantially all of the assets of the Organization. Interest is payable monthly on the outstanding balance at an interest rate of 2.0% over the Wall Street Journal Prime Rate (5.0% at June 30, 2018). There were no borrowings under the line of credit as of June 30, 2018.

15. SUBSEQUENT EVENTS

Management has evaluated subsequent events through May 14, 2019, the date the financial statements were available to be issued.