

FOX VALLEY UNITED WAY  
FINANCIAL STATEMENTS  
with  
INDEPENDENT AUDITORS' REPORT

For the Year Ended June 30, 2016  
With Comparative Totals For the Year Ended June 30, 2015

**Weber & Associates CPAs, LLC**  
Certified Public Accountants

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FOX VALLEY UNITED WAY  
INDEX TO FINANCIAL STATEMENTS

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# *Weber & Associates CPAs, LLC*

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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, 2016, 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.

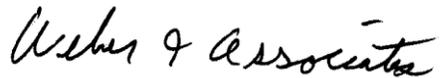
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**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, 2016, 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 2015 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 16, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Aurora, Illinois  
December 7, 2016

FOX VALLEY UNITED WAY  
STATEMENT OF FINANCIAL POSITION  
June 30, 2016 With Comparative Totals for June 30, 2015

|  | 2016         | 2015         |
|--|--------------|--------------|
| <b>ASSETS</b>  |              |              |
| Current assets   |              |              |
| Cash and cash equivalents  | \$ 403,451   | \$ 465,269   |
| Campaign pledges receivable, net of allowance for<br>uncollectible amounts of \$116,420 and \$99,140<br>as of June 30, 2016 and 2015, respectively | 489,555      | 399,655      |
| Grants receivable  | 109,506      | 160,609      |
| Other receivables  | 2,216        | 2,216        |
| Prepaid expenses   | 33,474       | 10,853       |
| Total current assets   | 1,038,202    | 1,038,602    |
| Property and equipment, at cost  |              |              |
| Furniture and equipment  | 103,983      | 103,983      |
| Less: accumulated depreciation   | (101,816)    | (100,750)    |
| Net property and equipment   | 2,167        | 3,233        |
| Total assets   | \$ 1,040,369 | \$ 1,041,835 |
| <b>LIABILITIES AND NET ASSETS</b>  |              |              |
| Current liabilities  |              |              |
| Accounts payable   | \$ 44,419    | \$ 29,866    |
| Accrued expenses   | 24,080       | 23,434       |
| Allocations payable  | 267,300      | 283,125      |
| Designations payable to other agencies   | 56,916       | 48,903       |
| Total current liabilities  | 392,715      | 385,328      |
| Net assets   |              |              |
| Unrestricted   | (256,384)    | (134,341)    |
| Temporarily restricted   | 904,038      | 790,848      |
| Total net assets   | 647,654      | 656,507      |
| Total liabilities and net assets   | \$ 1,040,369 | \$ 1,041,835 |

See accompanying notes to financial statements.

FOX VALLEY UNITED WAY  
STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2016  
With Comparative Totals For the Year Ended June 30, 2015

|   | Unrestricted        | Temporarily<br>Restricted | Totals            |                   |
|---|---------------------|---------------------------|-------------------|-------------------|
|   |                     |                           | 2016              | 2015              |
| Public support and other revenue  |                     |                           |                   |                   |
| Gross campaign contributions  | \$ 419,462          | \$ 446,315                | \$ 865,777        | \$ 1,037,550      |
| Less:   |                     |                           |                   |                   |
| Donor designations  | (61,202)            | -                         | (61,202)          | (61,196)          |
| Designations paid by others   | (49,714)            | -                         | (49,714)          | (54,284)          |
| Provision for uncollectible pledges   | <u>(39,426)</u>     | -                         | <u>(39,426)</u>   | <u>(30,548)</u>   |
| Net campaign results  | 269,120             | 446,315                   | 715,435           | 891,522           |
| Designations from other United Ways   | 159,576             | -                         | 159,576           | 39,900            |
| Special events, net of direct costs of \$9,357<br>for 2016 and \$7,228 for 2015 | 4,278               | -                         | 4,278             | 5,265             |
| Service fees  | 1,539               | -                         | 1,539             | -                 |
| Fundraising fees  | 3,442               | -                         | 3,442             | 3,368             |
| Grants and contributions  | 25,412              | 341,562                   | 366,974           | 337,795           |
| In-kind contributions   | 61,367              | 1,790                     | 63,157            | 61,106            |
| Interest income   | 13                  | 15                        | 28                | 31                |
| Net assets released from restriction  | <u>715,558</u>      | <u>(715,558)</u>          | -                 | -                 |
| Total public support and other revenue  | <u>1,240,305</u>    | <u>74,124</u>             | <u>1,314,429</u>  | <u>1,338,987</u>  |
| Expenses  |                     |                           |                   |                   |
| Program services  |                     |                           |                   |                   |
| Net funds allocated/awarded to agencies   | 523,063             | -                         | 523,063           | 518,845           |
| SPARK Early Learning Initiative   | 266,408             | -                         | 266,408           | 301,476           |
| Other program services  | <u>253,140</u>      | -                         | <u>253,140</u>    | <u>229,847</u>    |
| Total program services  | <u>1,042,611</u>    | -                         | <u>1,042,611</u>  | <u>1,050,168</u>  |
| Support services  |                     |                           |                   |                   |
| Management and general  | 138,561             | -                         | 138,561           | 135,818           |
| Fundraising   | <u>142,110</u>      | -                         | <u>142,110</u>    | <u>141,473</u>    |
| Total support services  | <u>280,671</u>      | -                         | <u>280,671</u>    | <u>277,291</u>    |
| Total expenses  | <u>1,323,282</u>    | -                         | <u>1,323,282</u>  | <u>1,327,459</u>  |
| Increase (decrease) in net assets   | (82,977)            | 74,124                    | (8,853)           | 11,528            |
| Transfer to temporarily restricted net assets                                   | (39,066)            | 39,066                    | -                 | -                 |
| Net assets, beginning of year   | <u>(134,341)</u>    | <u>790,848</u>            | <u>656,507</u>    | <u>644,979</u>    |
| Net assets, end of year   | <u>\$ (256,384)</u> | <u>\$ 904,038</u>         | <u>\$ 647,654</u> | <u>\$ 656,507</u> |

See accompanying notes to financial statements.

**FOX VALLEY UNITED WAY**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
For the Year Ended June 30, 2016  
With Comparative Totals For the Year Ended June 30, 2015

|                                       | Program Services    |                           |            |            | Support Services       |             |         | Total Program and Support Service Expenses |            |
|---------------------------------------|---------------------|---------------------------|------------|------------|------------------------|-------------|---------|--|------------|
|                                       | Allocation Services | SPARK                     | Volunteer  | Total      | Management and General | Fundraising | Total   | 2016                                       | 2015       |
|                                       |                     | Early Learning Initiative | Fox Valley |            |                        |             |         |  |            |
| <b>FUNCTIONAL EXPENSES</b>            |                     |                           |            |            |                        |             |         |  |            |
| Allocations/ awards to agencies       | \$ 555,271          | \$ -                      | \$ -       | \$ 555,271 | \$ -                   | \$ -        | \$ -    | \$ 555,271                                 | \$ 554,229 |
| Less: donor designations              | (32,208)            | -                         | -          | (32,208)   | -                      | -           | -       | (32,208)                                   | (35,384)   |
| Net allocations/awards to agencies    | 523,063             | -                         | -          | 523,063    | -                      | -           | -       | 523,063                                    | 518,845    |
| Payroll expenses                      |                     |                           |            |            |                        |             |         |  |            |
| Salaries                              | 100,685             | 107,780                   | -          | 208,465    | 45,245                 | 57,831      | 103,076 | 311,541                                    | 316,304    |
| Payroll taxes                         | 7,711               | 7,905                     | -          | 15,616     | 3,695                  | 4,659       | 8,354   | 23,970                                     | 23,683     |
| Employee benefits                     | 23,455              | 11,750                    | -          | 35,205     | 11,239                 | 14,170      | 25,409  | 60,614                                     | 62,242     |
| Retirement plan                       | 4,899               | 5,100                     | -          | 9,999      | 2,347                  | 2,960       | 5,307   | 15,306                                     | 15,301     |
| Total payroll expenses                | 136,750             | 132,535                   | -          | 269,285    | 62,526                 | 79,620      | 142,146 | 411,431                                    | 417,530    |
| Contract services                     | -                   | -                         | -          | -          | -                      | 122         | 122     | 122  | 824        |
| Accounting and legal fees             | 346                 | 4,804                     | -          | 5,150      | 48,480                 | 406         | 48,886  | 54,036                                     | 53,611     |
| Supplies                              | 2,562               | 8,625                     | -          | 11,187     | 2,871                  | 5,852       | 8,723   | 19,910                                     | 16,385     |
| Printing and publications             | 2,432               | 16,414                    | 199        | 19,045     | 921                    | 2,515       | 3,436   | 22,481                                     | 25,415     |
| Postage and shipping                  | 788                 | -                         | -          | 788        | 378                    | 476         | 854     | 1,642                                      | 1,596      |
| Telephone                             | 187                 | 1,144                     | -          | 1,331      | 638                    | 803         | 1,441   | 2,772                                      | 2,760      |
| Information technology and support    | 4,772               | 2,172                     | 4,683      | 11,627     | 7,043                  | 9,036       | 16,079  | 27,706                                     | 23,593     |
| Office rent                           | 2,056               | 10,282                    | -          | 12,338     | 5,912                  | 7,455       | 13,367  | 25,705                                     | 26,748     |
| Utilities and maintenance             | 505                 | 2,524                     | -          | 3,029      | 1,452                  | 1,830       | 3,282   | 6,311                                      | 6,281      |
| Conferences and meetings              | 876                 | 11,599                    | -          | 12,475     | 370                    | 467         | 837     | 13,312                                     | 18,124     |
| Travel                                | 566                 | 2,500                     | -          | 3,066      | 271                    | 342         | 613     | 3,679                                      | 3,109      |
| Insurance                             | 3,508               | -                         | -          | 3,508      | 1,681                  | 2,119       | 3,800   | 7,308                                      | 6,205      |
| Special event expenses                | -                   | -                         | -          | -          | -                      | 4,032       | 4,032   | 4,032                                      | 2,319      |
| Advertising and marketing             | 23,925              | 4,369                     | 6,056      | 34,350     | 1,063                  | 19,619      | 20,682  | 55,032                                     | 60,669     |
| Other professional services           | 7,322               | 63,911                    | -          | 71,233     | 595                    | 751         | 1,346   | 72,579                                     | 95,917     |
| Equipment lease and maintenance       | 393                 | 960                       | -          | 1,353      | 648                    | 818         | 1,466   | 2,819                                      | 3,017      |
| Community and youth initiative grants | 43,300              | -                         | -          | 43,300     | -                      | -           | -       | 43,300                                     | 26,250     |
| Dues and subscriptions                | 858                 | 308                       | -          | 1,166      | 412                    | 519         | 931     | 2,097                                      | 2,633      |
| Bank fees                             | 516                 | -                         | -          | 516        | 247                    | 311         | 558     | 1,074                                      | 1,078      |

See accompanying notes to financial statements.

FOX VALLEY UNITED WAY  
STATEMENT OF FUNCTIONAL EXPENSES, continued  
For the Year Ended June 30, 2016  
With Comparative Totals For the Year Ended June 30, 2015

|                                  | 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                                      | 2016                | 2015                |
| FUNCTIONAL EXPENSES, continued   |                     |                                 |                      |                     |                        |                   |  |                     |                     |
| Program incentives               | -                   | 3,210                           | -                    | 3,210               | -                      | -                 | -  | 3,210               | -                   |
| United Way Worldwide dues        | 5,356               | -                               | -                    | 5,356               | 2,566                  | 3,236             | 5,802                                      | 11,158              | 8,090               |
| Holiday assistance               | 4,167               | -                               | -                    | 4,167               | -                      | -                 | -  | 4,167               | 4,240               |
| Awards                           | -                   | -                               | -                    | -                   | -                      | 1,167             | 1,167                                      | 1,167               | -                   |
| Miscellaneous expense            | 866                 | 300                             | -                    | 1,166               | 414                    | 523               | 937  | 2,103               | 1,194               |
| Depreciation expense             | 151                 | 751                             | -                    | 902                 | 73                     | 91                | 164  | 1,066               | 1,026               |
| Other expenses                   | 105,452             | 133,873                         | 10,938               | 250,263             | 76,035                 | 62,490            | 138,525                                    | 388,788             | 391,084             |
| <b>TOTAL FUNCTIONAL EXPENSES</b> | <b>\$ 765,265</b>   | <b>\$ 266,408</b>               | <b>\$ 10,938</b>     | <b>\$ 1,042,611</b> | <b>\$ 138,561</b>      | <b>\$ 142,110</b> | <b>\$ 280,671</b>                          | <b>\$ 1,323,282</b> | <b>\$ 1,327,459</b> |

See accompanying notes to financial statements.

FOX VALLEY UNITED WAY  
STATEMENT OF CASH FLOWS  
For the Year Ended June 30, 2016  
With Comparative Totals For the Year Ended June 30, 2015

|  | <u>2016</u>       | <u>2015</u>       |
|--|-------------------|-------------------|
| Cash flows from operating activities   |                   |                   |
| Change in net assets   | \$ (8,853)        | \$ 11,528         |
| Adjustments to reconcile change in net assets<br>to net cash from operating activities |                   |                   |
| Depreciation   | 1,066             | 1,026             |
| Changes in assets and liabilities  |                   |                   |
| Contributions receivable   | (89,900)          | (1,095)           |
| Grants receivable  | 51,103            | 34,391            |
| Prepaid expenses   | (22,621)          | 363               |
| Other receivables  | -                 | 1,195             |
| Accounts payable   | 14,553            | 12,578            |
| Accrued expenses   | 646               | 9,711             |
| Allocations payable  | (15,825)          | (6,925)           |
| Designations payable   | 8,013             | 6,991             |
| Net cash provided by (used in) operating activities                                    | <u>(61,818)</u>   | <u>69,763</u>     |
| Cash flows from investing activities   |                   |                   |
| Purchase of property and equipment   | <u>-</u>          | <u>(2,335)</u>    |
| Net cash used in investing activities  | <u>-</u>          | <u>(2,335)</u>    |
| Net increase (decrease) in cash and cash equivalents                                   | (61,818)          | 67,428            |
| Cash and cash equivalents, beginning of year   | <u>465,269</u>    | <u>397,841</u>    |
| Cash and cash equivalents, end of year   | <u>\$ 403,451</u> | <u>\$ 465,269</u> |

See accompanying notes to financial statements.

FOX VALLEY UNITED WAY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2016 With Comparative Totals for June 30, 2015

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1. NATURE OF ACTIVITIES

Organization

Fox Valley United Way (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 through an annual campaign appeal. The program services of the Organization include allocating campaign collections to various community agencies, public information and community awareness, and sponsoring a website that connects volunteers with local nonprofit agencies. Governed by a volunteer Board of Directors, the Organization has committed to complying with the United Way Worldwide Cost Deduction Standards.

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 generally accepted accounting principles. Revenues are recognized when earned and expenses are recognized when the obligation is incurred.

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*. Under FASB ASC 958-205, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

The Organization has unrestricted and temporarily restricted net assets. Temporarily restricted net assets of the Organization result from contributions and other inflows of assets whose use by the Organization 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 pursuant to those stipulations.

Prior Year Summarized Comparative Information

The financial statements include certain prior year summarized comparative information. In the statement of activities, such 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 generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2015, from which the summarized information was derived.

FOX VALLEY UNITED WAY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2016 With Comparative Totals for June 30, 2015

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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, 2016 and 2015 was \$1,066 and \$1,026, respectively.

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, 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.

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 based on prior years' experience. Campaign pledges receivable at June 30, 2016 are expected to be collected within one year and are included in temporarily restricted net assets.

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 campaign contributions in the statement of activities then deducted as donor designated contributions before arriving at net campaign revenue.

FOX VALLEY UNITED WAY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2016 With Comparative Totals for June 30, 2015

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

In-Kind Contributions

The Organization records various types of in-kind contributions. 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.

Allocations

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.

Advertising Costs

The Organization expenses advertising costs as incurred. Expenses incurred were \$55,032 and \$60,669 for the years ended June 30, 2016 and 2015, 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. Accordingly, certain costs have been allocated among the program and supportive services benefited.

Income Taxes

The Organization is a not-for-profit organization exempt from income tax under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes is included in the financial statements. The Organization has been classified as a public charity pursuant to a letter from the U.S. Treasury Department dated March 20, 1963.

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.

FOX VALLEY UNITED WAY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2016 With Comparative Totals for June 30, 2015

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Prior Year Reclassifications

Certain balances for the year ended June 30, 2015 have been reclassified to make them consistent with the current year presentation. Dues paid to United Way Worldwide (UWW) are allocated across expense categories in the Schedule of Functional Expenses. This is a change in presentation from prior years. Accordingly, for comparability purposes, the dues paid to UWW in the prior year have been allocated across categories using percentages then in effect. This change and other reclassifications had no effect on the change in net assets for 2015.

3. OTHER RECEIVABLES

Other receivables consist of the following at June 30:

|                             | <u>2016</u>     | <u>2015</u>     |
|-----------------------------|-----------------|-----------------|
| Accounts receivable - other | \$ 216          | \$ 216          |
| Rent deposit                | 2,000           | 2,000           |
|                             | <u>\$ 2,216</u> | <u>\$ 2,216</u> |

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

4. CONCENTRATION OF CREDIT RISK

The Organization maintains its bank account balances in one financial institution. These balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. There were no uninsured bank deposits at June 30, 2016 or 2015. Cash equivalent amounts invested in the repurchase sweep investment accounts are not insured nor guaranteed by the United States government or its agencies.

5. 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, 2016 and 2015, the Organization contributed 5% of all participants' compensation to the Plan. The Organization's pension plan expense for the fiscal years ended June 30, 2016 and 2015 was \$15,306 and \$15,301, respectively.

FOX VALLEY UNITED WAY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2016 With Comparative Totals for June 30, 2015

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6. 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:

|                           | 2016             | 2015             |
|---------------------------|------------------|------------------|
| Advertising and marketing | \$ 36,756        | \$ 40,815        |
| Printing                  | 1,857            | 3,671            |
| Supplies                  | 6,468            | 1,110            |
| Computer support          | 18,076           | 15,510           |
|                           | <u>\$ 63,157</u> | <u>\$ 61,106</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 as it does not meet the requirements for recognition under generally accepted accounting principles.

7. RENTAL AGREEMENTS

On September 15, 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 leases a copier under a noncancellable operating lease that began on October 23, 2013 and expires 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:

|      |           |
|------|-----------|
| 2017 | \$ 30,558 |
| 2018 | 31,416    |
| 2019 | 31,423    |
| 2020 | 24,260    |
| 2021 | 7,833     |

Rent expense recorded for the years ended June 30, 2016 and 2015 totaled \$28,106 and \$28,938, respectively.

**FOX VALLEY UNITED WAY**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2016 With Comparative Totals for June 30, 2015

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**8. TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets at June 30 consisted of cash available for the following purposes:

|                                       | <u>2016</u>       | <u>2015</u>       |
|---------------------------------------|-------------------|-------------------|
| Youth programs                        | \$ 35,045         | \$ 58,250         |
| SPARK Early Learning Initiative       | 285,736           | 149,208           |
| Volunteer Fox Valley                  | 19,377            | 24,115            |
| Pledges received-next year's campaign | 600               | -                 |
| Other specific grant purposes         | 8,059             | 6,301             |
|                                       | <u>\$ 348,817</u> | <u>\$ 237,874</u> |

Temporarily restricted net assets at June 30 consisted of amounts receivable for the following purposes:

|   | <u>2016</u>       | <u>2015</u>       |
|---|-------------------|-------------------|
| Youth programs                          | \$ 50,000         | \$ 50,000         |
| SPARK Early Learning Initiative         | 59,506            | 109,548           |
| Other specific grant purposes           | -                 | 1,061             |
| Pledges receivable                      | 445,715           | 392,365           |
|   | <u>\$ 555,221</u> | <u>\$ 552,974</u> |
| Total temporarily restricted net assets | <u>\$ 904,038</u> | <u>\$ 790,848</u> |

Net assets were released from donor restrictions by incurring expenses satisfying the purpose restrictions specified by donors as follows:

|                                      | <u>2016</u>       | <u>2015</u>       |
|--------------------------------------|-------------------|-------------------|
| Food and shelter assistance programs | \$ -              | \$ 2,123          |
| Youth programs                       | 41,800            | 28,856            |
| SPARK early learning initiative      | 272,487           | 301,476           |
| Volunteer Fox Valley                 | 4,738             | 885               |
| Other specific grant purposes        | 4,167             | 4,240             |
| Campaign funds released              | 392,366           | 399,495           |
|                                      | <u>\$ 715,558</u> | <u>\$ 737,075</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, 2016 and 2015 amounted to \$19,367 and \$21,078, respectively.

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10. ENDOWMENT FUND

In 1999 the Organization established an endowment fund with the Community Foundation of the Fox River Valley to be used for support of the mission or activities of the Organization or its affiliated agencies. The fund is considered 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. At June 30, 2016 the fair value of the endowment fund was \$40,431. For the years ended June 30, 2016 and 2015, net income available for distribution amounted to \$11,961 and \$10,385, respectively.

11. UNCERTAIN TAX POSITIONS

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, 2016, and there were no accruals for interest and penalties at June 30, 2016. The 2013-2015 tax years for federal and state of Illinois income tax returns (the Organization's major tax jurisdictions) remain open and are subject to examination.

12. SUBSEQUENT EVENTS

On January 15, 2016, Fox Valley United Way executed a Plan and Agreement of Merger with United Way of Central Kane County (UWCKC) that is effective August 1, 2016. The agreement merges UWCKC with Fox Valley United Way (the Organization). Through their merger, the organizations seek to further their common mission. Communities served by UWCKC will continue to be served by Fox Valley United Way. At the time of the merger, assets consisting of cash and accounts receivable amounting to \$130,214 were transferred to the Organization.

Management has evaluated subsequent events through December 7, 2016, the date the financial statements were available to be issued.