

**United Way of York County**  
**Financial Statements and**  
**Supplementary Information**  
**March 31, 2017 and 2016**



# United Way of York County

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March 31, 2017 and 2016

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## **Independent Auditor's Report**

To the Board of Directors  
United Way of York County  
York, Pennsylvania

### **Report on the Financial Statements**

We have audited the accompanying financial statements of United Way of York County, which comprise the statement of financial position as of March 31, 2017 and 2016, and the related statements of activities, changes in net assets, functional expenses - by natural classification, and cash flows for the years then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Way of York County as of March 31, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matter**

### *Supplementary Information*

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

RKL LLP

June 8, 2017  
York, Pennsylvania

# United Way of York County

## Statement of Financial Position

	March 31,	
	2017	2016
<b>Assets</b>		
<b>Current Assets</b>		
Cash	\$ 330,368	\$ 302,550
Campaign promises to give, net	3,411,685	3,186,774
Other receivables	4,821	4,257
Prepaid expenses	37,457	30,798
<b>Total Current Assets</b>	<b>3,784,331</b>	<b>3,524,379</b>
<b>Property and Equipment, Net</b>	<b>113,328</b>	<b>132,348</b>
<b>Other Assets</b>		
Investments	3,943,528	3,391,713
Interest in net assets of a community foundation	487,459	462,847
<b>Total Other Assets</b>	<b>4,430,987</b>	<b>3,854,560</b>
<b>Total Assets</b>	<b>\$ 8,328,646</b>	<b>\$ 7,511,287</b>

See accompanying notes.

	March 31,	
	2017	2016
<b><i>Liabilities and Net Assets</i></b>		
<b>Current Liabilities</b>		
Accounts and designations payable	\$ 1,835,526	\$ 1,949,400
Accrued payroll and payroll taxes	48,272	43,395
Allocations payable	606,517	596,184
Deferred revenue	22,369	-
Accrued expenses	5,947	10,147
<b>Total Liabilities</b>	<b>2,518,631</b>	2,599,126
<b>Net Assets</b>		
Unrestricted net assets		
Undesignated	1,175,674	1,075,366
Board designated	1,131,312	776,483
<b>Total Unrestricted</b>	<b>2,306,986</b>	1,851,849
Temporarily restricted	2,090,602	1,754,874
Permanently restricted	1,412,427	1,305,438
<b>Total Restricted</b>	<b>3,503,029</b>	3,060,312
<b>Total Net Assets</b>	<b>5,810,015</b>	4,912,161
<b>Total Liabilities and Net Assets</b>	<b>\$ 8,328,646</b>	<b>\$ 7,511,287</b>

# United Way of York County

## Statement of Activities

	Year Ended March 31, 2017			Totals
	Unrestricted	Temporarily Restricted	Permanently Restricted	
<b>Support and Revenue</b>				
Prior year campaign revenue (2016)	\$ 499,774	\$ -	\$ -	\$ 499,774
Donor designations	18,706	-	-	18,706
<b>Net Campaign Revenue (2016)</b>	<b>518,480</b>	<b>-</b>	<b>-</b>	<b>518,480</b>
Prior year campaign pledges	5,578,422	(5,578,422)	-	-
Less: provision for uncollectible pledges	(400,000)	400,000	-	-
Less: donor designations	(1,955,965)	1,955,965	-	-
<b>Net Assets Released from Restrictions</b>	<b>3,222,457</b>	<b>(3,222,457)</b>	<b>-</b>	<b>-</b>
Current year campaign results (2017)	-	5,862,382	-	5,862,382
Less: provision for uncollectible pledges	-	(390,000)	-	(390,000)
Less: donor designations	-	(1,917,257)	-	(1,917,257)
<b>Net Campaign Revenue (2017)</b>	<b>-</b>	<b>3,555,125</b>	<b>-</b>	<b>3,555,125</b>
<b>Total Campaign Revenue</b>	<b>3,740,937</b>	<b>332,668</b>	<b>-</b>	<b>4,073,605</b>
Contributions and bequests	312,587	86,025	-	398,612
Grants	268,649	-	-	268,649
Investment income	142,978	-	(18,970)	124,008
In-kind contributions	106,281	-	-	106,281
Rental income	75,005	-	-	75,005
Service fees	71,506	-	-	71,506
Gain on sale of investments	10,194	-	15,170	25,364
Miscellaneous income	2,649	-	-	2,649
Other net assets released from restrictions	82,965	(82,965)	-	-
<b>Total Support and Revenue</b>	<b>4,813,751</b>	<b>335,728</b>	<b>(3,800)</b>	<b>5,145,679</b>
<b>Expenses</b>				
Program services	3,507,163	-	-	3,507,163
Supporting services				
Organizational administration	302,818	-	-	302,818
Resource development	658,890	-	-	658,890
<b>Total Expenses</b>	<b>4,468,871</b>	<b>-</b>	<b>-</b>	<b>4,468,871</b>
<b>Excess (Deficiency) of Support and Revenue over (under) Expenses</b>	<b>344,880</b>	<b>335,728</b>	<b>(3,800)</b>	<b>676,808</b>
<b>Unrealized Holding Gains on Investments</b>	<b>85,645</b>	<b>-</b>	<b>110,789</b>	<b>196,434</b>
<b>Change in Interest in Net Assets of a Community Foundation</b>	<b>24,612</b>	<b>-</b>	<b>-</b>	<b>24,612</b>
<b>Changes in Net Assets</b>	<b>\$ 455,137</b>	<b>\$ 335,728</b>	<b>\$ 106,989</b>	<b>\$ 897,854</b>

See accompanying notes.

	Year Ended March 31, 2016			Totals
	Unrestricted	Temporarily Restricted	Permanently Restricted	
<b>Support and Revenue</b>				
Prior year campaign revenue (2015)	\$ 431,424	\$ -	\$ -	\$ 431,424
Donor designations	3,555	-	-	3,555
<b>Net Campaign Revenue (2015)</b>	<b>434,979</b>	<b>-</b>	<b>-</b>	<b>434,979</b>
Prior year campaign pledges	5,944,087	(5,944,087)	-	-
Less: provision for uncollectible pledges	(400,000)	400,000	-	-
Less: donor designations	(2,190,468)	2,190,468	-	-
<b>Net Assets Released from Restrictions</b>	<b>3,353,619</b>	<b>(3,353,619)</b>	<b>-</b>	<b>-</b>
Current year campaign results (2016)	-	5,578,422	-	5,578,422
Less: provision for uncollectible pledges	-	(400,000)	-	(400,000)
Less: donor designations	-	(1,955,965)	-	(1,955,965)
<b>Net Campaign Revenue (2016)</b>	<b>-</b>	<b>3,222,457</b>	<b>-</b>	<b>3,222,457</b>
<b>Total Campaign Revenue</b>	<b>3,788,598</b>	<b>(131,162)</b>	<b>-</b>	<b>3,657,436</b>
Contributions and bequests	71,310	137,139	-	208,449
Grants	204,199	-	-	204,199
Investment income	130,246	-	(20,278)	109,968
In-kind contributions	199,022	-	-	199,022
Rental income	74,589	-	-	74,589
Service fees	77,407	-	-	77,407
Loss on sale of investments	(5,050)	-	(5,003)	(10,053)
Miscellaneous income	845	-	-	845
Other net assets released from restrictions	114,564	(114,564)	-	-
<b>Total Support and Revenue</b>	<b>4,655,730</b>	<b>(108,587)</b>	<b>(25,281)</b>	<b>4,521,862</b>
<b>Expenses</b>				
Program services	3,550,054	-	-	3,550,054
Supporting services				
Organizational administration	300,780	-	-	300,780
Resource development	689,039	-	-	689,039
<b>Total Expenses</b>	<b>4,539,873</b>	<b>-</b>	<b>-</b>	<b>4,539,873</b>
<b>Excess (Deficiency) of Support and Revenue over (under) Expenses</b>	<b>115,857</b>	<b>(108,587)</b>	<b>(25,281)</b>	<b>(18,011)</b>
<b>Unrealized Holding Losses on Investments</b>	<b>(78,327)</b>	<b>-</b>	<b>(78,726)</b>	<b>(157,053)</b>
<b>Change in Interest in Net Assets of a Community Foundation</b>	<b>(55,322)</b>	<b>-</b>	<b>-</b>	<b>(55,322)</b>
<b>Changes in Net Assets</b>	<b>\$ (17,792)</b>	<b>\$ (108,587)</b>	<b>\$ (104,007)</b>	<b>\$ (230,386)</b>



**United Way of York County**

## Statement of Changes in Net Assets

	Years Ended March 31, 2017 and 2016			Totals
	Unrestricted	Temporarily Restricted	Permanently Restricted	
<b>Net Assets at March 31, 2015</b>	\$ 1,869,641	\$ 1,863,461	\$ 1,409,445	\$ 5,142,547
Changes in net assets	<u>(17,792)</u>	<u>(108,587)</u>	<u>(104,007)</u>	<u>(230,386)</u>
<b>Net Assets at March 31, 2016</b>	1,851,849	1,754,874	1,305,438	4,912,161
Changes in net assets	<u>455,137</u>	<u>335,728</u>	<u>106,989</u>	<u>897,854</u>
<b>Net Assets at March 31, 2017</b>	<u>\$ 2,306,986</u>	<u>\$ 2,090,602</u>	<u>\$ 1,412,427</u>	<u>\$ 5,810,015</u>

# United Way of York County

## Statement of Functional Expenses - by Natural Classification

	Year Ended March 31, 2017				
	Program	Supporting Services			Totals
	Services	Organizational	Resource	Development	
	Community	Administration	Development		
Impact					
Allocation/awards	\$ 4,429,931	\$ -	\$ -	\$ 4,429,931	
Spending policy distributions	30,498	-	-	30,498	
Less: donor designations	(1,955,965)	-	-	(1,955,965)	
	<u>2,504,464</u>	-	-	<u>2,504,464</u>	
Salaries and wages	434,834	152,561	281,404	868,799	
Employee benefits	90,209	31,650	58,379	180,238	
Advertising	54,604	-	90,415	145,019	
Quality enhancement	101,660	-	-	101,660	
Scholarships and sponsorships	31,955	-	51,010	82,965	
Dues and subscriptions	40,811	14,319	26,411	81,541	
Payroll taxes	38,361	13,459	24,825	76,645	
Campaign and communications	23,408	9,839	18,265	51,512	
Equipment repair and maintenance	24,172	8,481	15,642	48,295	
Computer	20,168	16,268	7,540	43,976	
Professional services	5,505	26,801	3,563	35,869	
Cash management fees	17,034	5,977	11,024	34,035	
Campaign incentives	-	-	27,137	27,137	
Occupancy	12,049	4,227	7,798	24,074	
School readiness	22,763	-	-	22,763	
Insurance	11,163	3,917	7,224	22,304	
Youth court	20,687	-	-	20,687	
Depreciation	9,520	3,340	6,160	19,020	
Conference and training	10,332	1,939	3,577	15,848	
Travel	9,721	1,708	3,151	14,580	
Supplies	6,655	2,334	4,307	13,296	
Postage	5,921	2,078	3,832	11,831	
Meeting expense	3,922	1,377	2,538	7,837	
Equipment rental	2,700	947	1,747	5,394	
Telephone	2,173	763	1,406	4,342	
Miscellaneous expenses	2,002	703	1,296	4,001	
Interest	370	130	239	739	
Truancy summit	-	-	-	-	
	<u>\$ 3,507,163</u>	<u>\$ 302,818</u>	<u>\$ 658,890</u>	<u>\$ 4,468,871</u>	

See accompanying notes.

**Year Ended March 31, 2016**

	<b>Supporting Services</b>			<b>Totals</b>
	<b>Program Services</b>	<b>Organizational Administration</b>	<b>Resource Development</b>	
	<b>Community Impact</b>			
Allocation/awards	\$ 4,647,324	\$ -	\$ -	\$ 4,647,324
Spending policy distributions	29,702	-	-	29,702
Less: donor designations	(2,190,468)	-	-	(2,190,468)
	<u>2,486,558</u>	-	-	<u>2,486,558</u>
Salaries and wages	445,118	156,169	288,059	889,346
Employee benefits	87,736	30,782	56,779	175,297
Advertising	144,881	-	95,119	240,000
Quality enhancement	33,861	-	-	33,861
Scholarships and sponsorships	52,027	-	65,984	118,011
Dues and subscriptions	43,629	15,307	28,234	87,170
Payroll taxes	38,646	13,559	25,009	77,214
Campaign and communications	23,929	11,624	17,709	53,262
Equipment repair and maintenance	26,833	9,414	17,365	53,612
Computer	19,473	15,319	7,092	41,884
Professional services	13,868	18,794	6,063	38,725
Cash management fees	15,881	5,572	10,277	31,730
Campaign incentives	-	-	26,638	26,638
Occupancy	10,671	3,744	6,905	21,320
School readiness	28,803	-	-	28,803
Insurance	10,806	3,791	6,993	21,590
Youth court	7,820	-	-	7,820
Depreciation	10,734	3,766	6,946	21,446
Conference and training	8,251	2,117	3,904	14,272
Travel	9,053	2,017	3,721	14,791
Supplies	7,427	2,606	4,807	14,840
Postage	7,192	2,523	4,655	14,370
Meeting expense	3,655	1,282	2,365	7,302
Equipment rental	2,700	947	1,747	5,394
Telephone	2,705	949	1,751	5,405
Miscellaneous expenses	1,306	459	846	2,611
Interest	110	39	71	220
Truancy summit	6,381	-	-	6,381
	<u>\$ 3,550,054</u>	<u>\$ 300,780</u>	<u>\$ 689,039</u>	<u>\$ 4,539,873</u>

# United Way of York County

## Statement of Cash Flows

	Years Ended March 31,	
	2017	2016
<b>Cash Flows from Operating Activities</b>		
Changes in net assets	\$ 897,854	\$ (230,386)
Adjustments to reconcile changes in net assets to net cash provided by operating activities		
Depreciation	19,020	21,446
Provision for uncollectible campaign promises to give	7,433	(25,315)
(Gain) loss on sale of investments	(25,364)	10,053
Unrealized holding (gains) losses on investments	(196,434)	157,053
Change in interest in net assets of a community foundation	(24,612)	55,322
(Increase) decrease in assets		
Campaign promises to give	(328,323)	127,253
Other receivables	(564)	7,095
Prepaid expenses	(6,659)	(3,581)
Increase (decrease) in liabilities		
Accounts and designations payable	(113,874)	(90,192)
Accrued payroll and payroll taxes	4,877	9,458
Allocations payable	10,333	(12,959)
Deferred revenue	22,369	-
Accrued expenses	(4,200)	(752)
<b>Net Cash Provided by Operating Activities</b>	<b>261,856</b>	<b>24,495</b>
<b>Cash Flows from Investing Activities</b>		
Purchase of investments	(433,122)	(171,577)
Proceeds from sale of investments	199,084	185,026
<b>Net Cash Provided by (Used in) Investing Activities</b>	<b>(234,038)</b>	<b>13,449</b>
<b>Net Increase in Cash</b>	<b>27,818</b>	<b>37,944</b>
<b>Cash at Beginning of Year</b>	<b>302,550</b>	<b>264,606</b>
<b>Cash at End of Year</b>	<b>\$ 330,368</b>	<b>\$ 302,550</b>

# United Way of York County

## Statement of Cash Flows (continued)

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	Years Ended March 31,	
	2017	2016
	<u>                    </u>	<u>                    </u>
<b>Supplementary Cash Flows Information</b>		
Interest paid	<u>\$ 739</u>	<u>\$ 220</u>

### Supplementary Schedule of Noncash Investing and Financing Activities

#### In 2017

Investments of \$95,979 were received as payments on campaign promises to give.

#### In 2016

Investments of \$83,298 were received as payments on campaign promises to give.

## **United Way of York County**

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### Notes to Financial Statements

March 31, 2017 and 2016

#### **Note 1 - Nature of Operations**

United Way of York County's (Organization) mission is to improve people's lives by building a strong community through cultivating financial generosity, volunteerism, and civic engagement.

The Organization administers an annual fundraising campaign in York County, Pennsylvania and uses those funds to support a variety of human service programs in York County.

#### **Note 2 - Summary of Significant Accounting Policies**

A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements follows:

##### **Use of Estimates**

The preparation of financial statements in accordance 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 the disclosure of contingent assets and liabilities, if any, at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

##### **Campaign Promises to Give and Appropriations**

An annual fundraising campaign is conducted each fall to obtain donations and pledges to fund the subsequent year's operations. Accordingly, promises to give are recorded at year-end for outstanding campaign pledges, with an allowance for amounts estimated to be uncollectible. Substantially, all of the pledges receivable are from corporations and individuals. The Organization maintains reserves for potential uncollectible pledges, which in the aggregate have not exceeded management's expectations. After two years, uncollected campaign pledges are written off. Subsequent receipts relating to such amounts are recorded as prior year campaign revenue.

The provision for uncollectible pledges is computed based upon a historical average, adjusted by management's estimates of current economic factors applied to the gross campaign contributions, excluding donor designations.

Community care donations and pledges are recorded as temporarily restricted revenue in the current campaign year and released into unrestricted net assets as time restrictions are satisfied in the subsequent year. Donor designated pledges are accounted for as a liability, until dispensed to the designated agency. Those amounts are not accounted for as revenue by the Organization, but are reported as part of the campaign results, from which the amounts are then deducted to arrive at the campaign revenue. The Organization honors all requests by donors with regard to direct designations.

Donor designated pledges are assessed fundraising and processing fees, based on actual historical costs in accordance with United Way Worldwide's membership standards as outlined in its publication titled *Cost Deduction Standards for Membership Requirement M*.

**Note 2 - Summary of Significant Accounting Policies (continued)**

**Other Receivables**

Other receivables are stated at outstanding balances. The Organization considers these receivables to be fully collectible. If collection becomes doubtful, an allowance for doubtful accounts will be established, or the accounts will be charged to operations when that determination is made by management. Unpaid balances remaining after the stated payment terms are considered past due. Recoveries of previously charged off accounts are recorded when received.

**Property and Equipment**

Property and equipment are stated at cost, if purchased, or fair market value, if contributed.

Property and equipment are depreciated using the straight-line method over the estimated average useful lives of the assets as follows:

Building and improvements	5 to 40 years
Furniture and equipment	3 to 10 years
Computer equipment	3 to 5 years
Vehicle	5 years

Maintenance, repairs, and minor renewals, which do not significantly improve or extend the lives of the respective assets are charged to operations when incurred. Additions, improvements, and major renewals are capitalized.

The Organization's policy is to capitalize purchases of \$2,500 or more.

**Long-Lived Assets**

Long-lived assets are reviewed for impairment whenever events or circumstances indicate that the carrying amount of the assets may not be recoverable. An asset is considered to be impaired when the undiscounted estimated net cash flows to be generated by the asset are less than the carrying amount. The impairment recognized is the amount by which the carrying amount exceeds the fair value amount. Fair value estimates are based on assumptions concerning the amount and timing of the estimated future cash flows and the discount rates reflecting varying degrees of perceived risk. The management of the Organization concluded that no impairment adjustments were required during the years ended March 31, 2017 and 2016.

**Investments**

Investments in debt and equity securities with readily determinable fair values are reported at the fair value. Contributed investments are valued at market value on the date contributed. Unrealized gains and losses are reported as increases or decreases in unrestricted net assets unless their use is temporarily or permanently restricted by explicit donor-imposed stipulations. Realized gains and losses, if any, on the sale or disposal of investments are computed on a specific identification basis and are also included as increases or decreases in unrestricted net assets unless their use is temporarily or permanently restricted by explicit donor-imposed stipulations.

**Note 2 - Summary of Significant Accounting Policies (continued)**

**Interest in Net Assets of a Community Foundation**

Interest in net assets of a community foundation is reported at fair value as determined by the community foundation.

**Net Assets**

Net assets of the Organization and changes therein are classified and reported based on the existence or absence of donor-imposed stipulations as follows:

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that may or will be met either by action of the Organization or the passage of time.

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that must be maintained permanently by the Organization.

**Revenue Recognition**

Contributions and grants received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor-imposed stipulations.

All donor-imposed restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires, which is when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

**Agency Funds**

The Organization may accept grant funds on behalf of another not-for-profit organization and agree to disburse funds for grant expenses or back to the not-for-profit organization at some point in the future.

The Organization maintains variance power and fiduciary responsibility for all grant funds held under agency agreements. These funds are reported as assets. However, a liability, "Agency Funds", has been established for the fair value of the funds, generally equivalent to the present value of the future payments expected to be made on behalf of the not-for-profit organization. The Organization holds no agency funds as of March 31, 2017 and 2016.

**Functional Expense Classification**

The cost of providing the various programs and other activities are summarized on a functional basis in the statements of activities and functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Supporting services consist of organizational administration (management and general) and resource development (fundraising) expenses.



**Note 2 - Summary of Significant Accounting Policies (continued)**

**Advertising**

Advertising costs are expensed as incurred. For the years ended March 31, 2017 and 2016, advertising expense amounted to \$145,019 and \$240,000, respectively.

**Recent Accounting Pronouncements**

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue From Contracts With Customers*, which provides a robust framework for addressing revenue recognition issues and, upon its effective date, replaces almost all existing revenue recognition guidance. This guidance is effective for annual reporting periods beginning after December 15, 2018.

In February 2016, FASB issued ASU 2016-02, *Leases (Topic 842)*. The guidance in this ASU supersedes the leasing guidance in *Topic 840, Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the statement of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. The new standard is effective for fiscal years beginning after December 15, 2019.

In August 2016, FASB issued ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, which simplifies and improves how a not-for-profit organization classifies its net assets, as well as the information it presents in financial statements and notes about liquidity, financial performance, and cash flows. Among other changes, the ASU replaces the three current classes of net assets with two new classes, “net assets with donor restrictions” and “net assets without donor restrictions”, and expands disclosures about the nature and amount of any donor restrictions. This guidance is effective for annual periods beginning after December 15, 2017.

The Organization is currently evaluating the impact of the pending adoption of the new standards on the combined financial statements.

**Subsequent Events**

The Organization has evaluated subsequent events through June 8, 2017, which is the date the financial statements were available to be issued. No material events subsequent to March 31, 2017 were noted.

## **United Way of York County**

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### Notes to Financial Statements

March 31, 2017 and 2016

#### **Note 3 - Tax-Exempt Status**

The Organization is a not-for-profit entity described in Section 501(c)(3) of the Internal Revenue Code and is exempt from income taxes on related activities pursuant to Section 509(a) of the Code. In addition, the Organization was organized under the Pennsylvania Nonprofit Corporation Law and is exempt from state income taxes.

Accounting principles generally accepted in the United States of America requires management to evaluate tax positions taken by the Organization, including whether the entity is exempt from income taxes. Management evaluated the tax positions taken and concluded that the Organization has taken no uncertain tax positions that require recognition or disclosure in the financial statements. With few exceptions, the Organization is no longer subject to income tax examinations by the U.S. Federal, state, or local tax authorities for years before March 31, 2014.

#### **Note 4 - Fair Value of Financial Instruments**

The fair value hierarchy prioritizes the inputs to valuation methods used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

- Level 1 - Unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities.
- Level 2 - Quoted prices in markets that are not active, or inputs that are observable either directly or indirectly, for substantially the full-term of the asset or liability.
- Level 3 - Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (i.e., supported with little or no market activity).

An asset's or liability's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

## United Way of York County

### Notes to Financial Statements

March 31, 2017 and 2016

#### Note 4 - Fair Value of Financial Instruments (continued)

The following valuation techniques were used to measure fair value of assets in the tables below on a recurring basis:

Cash and cash equivalents - The carrying amounts approximate fair value because of the short-term nature of these investments.

Mutual funds - Fair value of mutual funds was based on quoted market prices for the identical securities.

Interest in net assets of a community foundation - Fair value of the interest in net assets of a community foundation was based on the Organization's ownership interest of the fund as determined by the community foundation. The fund assets were valued based on the performance of underlying investments as well as an administrative fee.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

For assets measured at fair value on a recurring basis, the fair value measurements by level within the fair value hierarchy are as follows as of March 31:

	2017			
	Total	Level 1	Level 2	Level 3
<b>Cash and Cash Equivalents</b>	\$ 351,641	\$ 351,641	\$ -	\$ -
<b>Mutual Funds</b>				
Fixed income	1,722,297	1,722,297	-	-
Domestic equity	1,374,672	1,374,672	-	-
International equity	494,918	494,918	-	-
<b>Total Investments</b>	3,943,528	3,943,528	-	-
<b>Interest in Net Assets of a Community Foundation</b>	487,459	-	-	487,459
	<u>\$ 4,430,987</u>	<u>\$ 3,943,528</u>	<u>\$ -</u>	<u>\$ 487,459</u>

**United Way of York County**

## Notes to Financial Statements

March 31, 2017 and 2016

**Note 4 - Fair Value of Financial Instruments (continued)**

	2016			
	Total	Level 1	Level 2	Level 3
<b>Cash and Cash Equivalents</b>	\$ 191,591	\$ 191,591	\$ -	\$ -
<b>Mutual Funds</b>				
Fixed income	1,456,097	1,456,097	-	-
Domestic equity	1,277,239	1,277,239	-	-
International equity	466,786	466,786	-	-
<b>Total Investments</b>	3,391,713	3,391,713	-	-
<b>Interest in Net Assets of a Community Foundation</b>	462,847	-	-	462,847
	<u>\$ 3,854,560</u>	<u>\$ 3,391,713</u>	<u>\$ -</u>	<u>\$ 462,847</u>

**Changes in Fair Value Levels**

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the beginning of the reporting period.

We evaluated the significance of transfers between levels based upon the nature of the financial instrument and size of the transfer relative to total assets. For the years ended March 31, 2017 and 2016, there were no transfers in or out of Level 3.

## United Way of York County

### Notes to Financial Statements

March 31, 2017 and 2016

#### Note 4 - Fair Value of Financial Instruments (continued)

For assets falling within Level 3 in the fair value hierarchy, the activity recognized is as follows during the years ended March 31, 2017 and 2016:

	<u>Interest in Net Assets of a Community Foundation</u>
<b>Balance at March 31, 2015</b>	\$ 518,169
Unrealized losses	<u>(55,322)</u>
<b>Balance at March 31, 2016</b>	462,847
Unrealized gains	<u>24,612</u>
<b>Balance at March 31, 2017</b>	<u><b>\$ 487,459</b></u>

The unrealized gains and losses for interest in net assets of a community foundation, classified as Level 3, are included as change in interest in net assets of a community foundation in the statement of activities.

#### Note 5 - In-Kind Contributions

Contributed assets, including contributed equipment and materials, are reported in the accompanying financial statements at their fair market value as of the date the assets were received.

During the years ended March 31, 2017 and 2016, the Organization also recognized the value of contributed services that met the requirements for recognition in the statement of activities. In addition, a substantial number of individual volunteers and businesses have donated significant amounts of time to the Organization's program and administrative functions. These services do not meet the criteria for recognition as contributed services, and are not reflected on the accompanying financial statements.

In-kind contributions consist of the following for the years ended March 31:

	<u>2017</u>	<u>2015</u>
Advertising	\$ 73,827	\$ 164,474
Campaign incentives	27,137	26,638
Miscellaneous	<u>5,317</u>	<u>7,910</u>
	<u><b>\$ 106,281</b></u>	<u><b>\$ 199,022</b></u>

## United Way of York County

### Notes to Financial Statements

March 31, 2017 and 2016

#### Note 6 - Concentration of Cash Risk

The Organization maintains cash balances at several financial institutions located in Pennsylvania. At times during the years ended March 31, 2017 and 2016, the Organization's cash balances exceeded the federally insured limit of \$250,000.

#### Note 7 - Campaign Promises to Give

Campaign promises to give represent funds raised to fund the subsequent year's operations. The due date of the campaign promises to give as of March 31, 2017 and 2016 is less than one year.

Campaign promises to give consist of the following as of March 31:

	<u>2017</u>	<u>2016</u>
Campaign promises to give	\$ 3,889,555	\$ 3,657,211
Allowance for uncollectible campaign promises to give	<u>(477,870)</u>	<u>(470,437)</u>
	<u>\$ 3,411,685</u>	<u>\$ 3,186,774</u>

#### Note 8 - Property and Equipment

Property and equipment consist of the following at March 31:

	<u>2017</u>	<u>2016</u>
Building and improvements	\$ 793,622	\$ 793,622
Computer equipment	63,091	63,091
Land *	26,063	26,063
Furniture and equipment	21,921	21,921
Vehicle	<u>19,675</u>	<u>19,675</u>
	924,372	924,372
Accumulated depreciation	<u>(811,044)</u>	<u>(792,024)</u>
	<u>\$ 113,328</u>	<u>\$ 132,348</u>

Depreciation for the years ended March 31, 2017 and 2016 was \$19,020 and \$21,446, respectively.

\* Not depreciated

**United Way of York County**

## Notes to Financial Statements

March 31, 2017 and 2016

**Note 9 - Investments**

The cost, gross unrealized gains and losses, and fair value for investments consist of the following as of March 31:

	2017			Fair Value
	Cost	Gains	Losses	
<b>Cash and Cash Equivalents</b>	\$ 351,641	\$ -	\$ -	\$ 351,641
<b>Mutual Funds</b>				
Fixed income	1,742,357	6,211	(26,271)	1,722,297
Domestic equity	1,067,415	307,257	-	1,374,672
International equity	468,647	28,341	(2,070)	494,918
	<u>\$ 3,630,060</u>	<u>\$ 341,809</u>	<u>\$ (28,341)</u>	<u>\$ 3,943,528</u>
	2016			
<b>Cash and Cash Equivalents</b>	\$ 191,591	\$ -	\$ -	\$ 191,591
<b>Mutual Funds</b>				
Fixed income	1,467,718	11,127	(22,748)	1,456,097
Domestic equity	1,110,422	206,585	(39,768)	1,277,239
International equity	475,366	15,060	(23,640)	466,786
	<u>\$ 3,245,097</u>	<u>\$ 232,772</u>	<u>\$ (86,156)</u>	<u>\$ 3,391,713</u>

Investment fees amounted to \$34,035 and \$31,730 for the years ended March 31, 2017 and 2016, respectively.





## United Way of York County

### Notes to Financial Statements

March 31, 2017 and 2016

#### Note 10 - Endowments (continued)

##### Interpretation of Relevant Law

The Board of Directors of the Organization has interpreted the relevant state law 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. As a result of this interpretation, the Organization classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. Unless specifically defined by a donor-restricted endowment fund required by donor stipulation, the Organization considers the following factors in making a determination to accumulate or appropriate endowment funds:

1. The duration and preservation of the fund
2. The purposes of the Organization and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and appreciation of investments
6. Other resources of the Organization
7. The investment policies of the Organization

The following schedule represents the endowment net asset composition by type of endowment fund as of March 31:

	2017			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	\$ -	\$ -	\$ 1,412,427	\$ 1,412,427
Board-designated endowment funds	1,131,312	-	-	1,131,312
	<u>\$ 1,131,312</u>	<u>\$ -</u>	<u>\$ 1,412,427</u>	<u>\$ 2,543,739</u>
	2016			
Donor-restricted endowment funds	\$ -	\$ -	\$ 1,305,438	\$ 1,305,438
Board-designated endowment funds	776,483	-	-	776,483
	<u>\$ 776,483</u>	<u>\$ -</u>	<u>\$ 1,305,438</u>	<u>\$ 2,081,921</u>

**United Way of York County**

Notes to Financial Statements

March 31, 2017 and 2016

**Note 10 - Endowments (continued)**

The following schedule represents the changes in endowment net assets for the years ended March 31:

	2017			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
<b>Endowment Net Assets, Beginning of Year</b>	\$ 776,483	\$ -	\$ 1,305,438	\$ 2,081,921
Additions	294,169	-	-	294,169
Investment return				
Interest and dividends	33,550	-	49,675	83,225
Net gains (realized and unrealized)	54,783	-	125,959	180,742
Disbursements	(22,385)	-	(60,996)	(83,381)
Fees	(5,288)	-	(7,649)	(12,937)
<b>Endowment Net Assets, End of Year</b>	<u>\$ 1,131,312</u>	<u>\$ -</u>	<u>\$ 1,412,427</u>	<u>\$ 2,543,739</u>
	2016			
<b>Endowment Net Assets, Beginning of Year</b>	\$ 754,865	\$ -	\$ 1,409,445	\$ 2,164,310
Additions	61,632	-	-	61,632
Investment return				
Interest and dividends	24,269	-	46,871	71,140
Net losses (realized and unrealized)	(36,341)	-	(83,729)	(120,070)
Disbursements	(23,931)	-	(59,404)	(83,335)
Fees	(4,011)	-	(7,745)	(11,756)
<b>Endowment Net Assets, End of Year</b>	<u>\$ 776,483</u>	<u>\$ -</u>	<u>\$ 1,305,438</u>	<u>\$ 2,081,921</u>

**Note 10 - Endowments (continued)**

**Return Objectives and Risk Parameters**

The Organization has adopted investment and spending policies for endowment assets to generate sufficient long-term growth of capital, without undue exposure to risk, in order to provide a sustainable level of spending distributions. Additionally, the Organization wishes to enhance the real (adjusted for inflation) purchasing power of the investments over the long run. The Organization's investment objective is a compromise between the need for current income and the long-term growth of assets. The time horizon for the portfolio shall be viewed as long-term in its entirety, avoiding decisions based solely on short-term concerns and individual investments. A diversified investment structure shall be utilized in order to provide participation in rising markets, while mitigating risk in falling markets.

**Strategies Employed for Achieving Objectives**

The Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The board-designated endowment will bear a moderate risk and be allocated equally between equity and fixed income investments. The permanent endowment is expected to endure into perpetuity and the long-term risk of not investing in growth securities outweighs the short-term volatility risk. As a result, allocation guidelines have been established whereby the majority of assets in this portfolio will be invested in equity or equity-like securities.

**Endowment Spending Policy and How the Investment Objectives Relate to the Spending Policy**

The Organization has a total return policy of appropriating for distribution each year a percent of its endowment fund's market value. The spending rate shall be recommended to the Board of Directors each year based on the rolling average based on the market values of the preceding twelve quarters calculated annually as of December 31 for the board-designated endowment fund and as of June 30 for the permanent endowment fund. The spending rate shall be based on the size, growth, and performance of the endowment fund and the needs of the operating budget. The target spending rate will be 4.5%. Additional withdrawals may be approved at the discretion of the Board of Directors. For the years ended March 31, 2017 and 2016, the spending rate was 4.5% for the permanent endowment fund and 3.0% for the board-designated endowment fund.

**Note 11 - Interest in Net Assets of a Community Foundation**

The Organization is the beneficiary of endowment funds of the York County Community Foundation (Foundation), a community foundation. As beneficiary, the Organization is entitled to annual distributions from the funds, based upon the Foundation's spending policy. The balance of the endowment funds are unavailable to the Organization for immediate withdraw. The Foundation maintains variance power only over distributions from the funds.

The organizational endowment fund created by the Organization at the Foundation is reflected in the statement of financial position as interest in net assets of a community foundation. Future contributions are at the discretion of the Board of Directors of the Organization. As of March 31, 2017 and 2016, the fair value of the Organization's interest in net assets of a community foundation amounted to \$487,459 and \$462,847, respectively.

## United Way of York County

### Notes to Financial Statements

March 31, 2017 and 2016

#### Note 11 - Interest in Net Assets of a Community Foundation (continued)

In addition to the organizational endowment fund, contributions made by third parties directly to the Foundation created designated endowment funds, which are not assets of the Organization, and are not reflected in the statement of financial position. The Foundation maintains variance power over the designated endowment funds. The Organization receives information on the value of the fund on an annual basis. As of March 31, 2017 and 2016, the balance of the Foundation fund in which the Organization is currently designated by the contributor as the beneficiary amounted to \$20,746 and \$19,700, respectively, which includes the fund's accumulated investment earnings in excess of annual distributions and fees.

#### Note 12 - Line of Credit

The Organization has an unsecured line of credit agreement with M&T Bank, authorized up to \$750,000. Amounts borrowed against this line of credit bear interest at the 30-day LIBOR rate, plus 2.75 basis points. The interest for the line of credit was 3.75% and 3.25% as of March 31, 2017 and 2016, respectively. There were no borrowings against this line of credit as of March 31, 2017 and 2016.

#### Note 13 - Retirement Plans

The Organization has a defined contribution retirement plan. The plan covers substantially all eligible employees. Contributions to the plan are paid by the Organization at a rate of 8% of the employees' compensation, as defined in the plan document. Contributions to the plan for the years ended March 31, 2017 and 2016 amounted to \$61,240 and \$61,858, respectively.

The Organization's tax savings plan covers all eligible employees who elect to contribute to the plan. The Organization did not contribute to the plan during either of the years ended March 31, 2017 and 2016.

#### Note 14 - Commitments

The Organization leases various office equipment and other services under operating leases, which have varying terms and monthly payments.

Future minimum lease payments under operating leases, assuming no change in the current terms, consist of the following for the remaining five years ending March 31:

2018	\$	36,397
2019		13,443
2020		4,614
2021		2,514
2022		249
		<hr/>
	\$	57,217

Total rent expense for the years ended March 31, 2017 and 2016 for these leases amounted to \$36,318 and \$49,472, respectively.

## United Way of York County

### Notes to Financial Statements

March 31, 2017 and 2016

#### Note 15 - Rental Income

The Organization leases multiple portions of their property to unrelated entities for office space, with varying contract terms.

Rental income relating to these leases amounted to \$75,005 and \$74,589 for the years ended March 31, 2017 and 2016, respectively.

Future minimum rental lease payments, assuming no change in current terms, consist of the following for each of the remaining two years ending March 31:

2018	\$	51,802
2019		14,680
	\$	<u>66,482</u>

#### Note 16 - Temporarily Restricted Net Assets

Temporarily restricted net assets consist of the following as of March 31:

	<u>2017</u>	<u>2016</u>
Campaign - cash and promises to give, net of donor designations payable	\$ 2,018,230	\$ 1,685,562
Scholarships - cash	46,170	69,312
Sponsorships - cash	26,202	-
	<u>\$ 2,090,602</u>	<u>\$ 1,754,874</u>

#### Note 17 - Permanently Restricted Net Assets

Permanently restricted net assets consist of the following as of March 31:

	<u>2017</u>	<u>2016</u>
Investments - endowment	\$ 1,412,427	\$ 1,305,438

#### Note 18 - Reclassification

Certain items in the 2016 financial statements have been reclassified to conform to the 2017 financial statement presentation. These reclassifications had no impact to the 2016 changes in net assets as previously reported.

# United Way of York County

## Schedule of Activities - Focus on Our Future - A Child Care Initiative

	Years Ended March 31,	
	2017	2016
<b>Support and Revenue</b>		
Grants	\$ 121,910	\$ 96,985
United Way allocation	45,000	45,000
Contributions and bequests	25,526	78,338
In-kind contributions	546	-
Investment income	13	15
	<hr/>	<hr/>
<b>Total Support and Revenue</b>	<b>192,995</b>	<b>220,338</b>
	<hr/>	<hr/>
<b>Expenses</b>		
Quality enhancement	101,660	33,861
Salaries and wages	65,054	57,223
Scholarships	31,955	52,027
School readiness	22,062	24,479
Employee benefits	8,702	9,496
Payroll taxes	6,025	5,078
Conference and training	4,050	238
Travel	3,457	2,320
Printing and publications	1,084	1,821
Meeting expense	576	515
Supplies	351	-
Dues and subscriptions	278	132
Postage	244	289
Professional services	-	4,500
Cash management fees	-	47
	<hr/>	<hr/>
<b>Total Expenses</b>	<b>245,498</b>	<b>192,026</b>
	<hr/>	<hr/>
<b>Changes in Net Assets</b>	<b>\$ (52,503)</b>	<b>\$ 28,312</b>
	<hr/>	<hr/>

# United Way of York County

## Schedule of Activities - Truancy Prevention Initiative

	Years Ended March 31,	
	2017	2016
<b>Support and Revenue</b>		
Grants	\$ 146,739	\$ 107,214
Contributions and bequests	5,205	6,205
In-kind contributions	450	-
Investment income	9	9
	<hr/>	<hr/>
<b>Total Support and Revenue</b>	<b>152,403</b>	113,428
	<hr/>	<hr/>
<b>Expenses</b>		
Salaries and wages	93,667	76,738
Youth court	20,687	7,820
Employee benefits	13,747	12,186
Payroll taxes	9,307	7,027
Travel	1,394	983
Printing and publications	1,084	1,029
Conference and training	755	1,979
School readiness	701	4,324
Postage	482	198
Meeting expense	69	86
Truancy summit	-	6,381
Supplies	-	14
	<hr/>	<hr/>
<b>Total Expenses</b>	<b>141,893</b>	118,765
	<hr/>	<hr/>
<b>Changes in Net Assets</b>	<b>\$ 10,510</b>	\$ (5,337)
	<hr/>	<hr/>