

United Way of Southwest Wyoming

Financial Report

June 30, 2018

**United Way of Southwest Wyoming
Table of Contents
June 30, 2018 and 2017**

	<u>Page</u>
Report of Independent Auditor	1 – 2
Financial Statements:	
Statements of Financial Position	3
Statements of Activities and Changes in Net Assets	4
Statements of Functional Expenses	5
Statements of Cash Flows	6
Notes to Financial Statements	7 – 18
Report on Internal Control	19

Report of Independent Auditor

Board of Directors
United Way of Southwest Wyoming
Rock Springs, Wyoming

We have audited the accompanying financial statements of United Way of Southwest Wyoming (a nonprofit organization), which are comprised of the statements of financial position as of June 30, 2018, and the related statements of activities and changes in net assets, 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 of 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 Southwest Wyoming as of June 30, 2018, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Prior Year Financial Statements

United Way of Southwest Wyoming's financial statements as of and for the year ended June 30, 2017 were audited by other auditors, whose report dated January 26, 2018, expressed an unmodified opinion on those financial statements.

DeCoria & Company, PC

DeCoria & Company, PC
Afton, Wyoming

December 3, 2018

Financial Statements

**United Way of Southwest Wyoming
Statements of Financial Position
June 30, 2018 and 2017**

	<u>2018</u>	<u>2017</u>
ASSETS		
Current assets:		
Cash and cash equivalents (Note 3)	\$ 300,900	\$ 375,542
Pledges receivable, net (Note 4)	355,956	503,166
Grants and other receivables	770	2,645
Prepaid expenses	<u>17,682</u>	<u>11,509</u>
Total current assets	<u>675,308</u>	<u>892,862</u>
Noncurrent assets:		
Property and equipment, net (Note 5)	93	1,031
Investments (Note 6)	<u>1,979,408</u>	<u>1,854,412</u>
Total noncurrent assets	<u>1,979,501</u>	<u>1,855,443</u>
Total assets	<u>\$ 2,654,809</u>	<u>\$ 2,748,305</u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	\$ 13,406	\$ 7,374
Accrued expenses	12,503	12,503
Distributions payable (Note 7)	586,413	633,900
Designations payable (Note 7)	<u>76,877</u>	<u>86,463</u>
Total liabilities	<u>689,199</u>	<u>740,240</u>
Commitments and contingencies (Notes 9 through 13)		
Net assets (Note 8):		
Unrestricted	1,875,392	1,899,908
Temporarily restricted	43,133	61,072
Permanently restricted	<u>47,085</u>	<u>47,085</u>
Total net assets	<u>1,965,610</u>	<u>2,008,065</u>
Total liabilities and net assets	<u>\$ 2,654,809</u>	<u>\$ 2,748,305</u>

The accompanying notes are an integral part of the financial statements.

**United Way of Southwest Wyoming
Statements of Activities and Changes in Net Assets
For the Years Ended June 30, 2018 and 2017**

	Unrestricted	Temporarily Restricted	Permanently Restricted	2018 Total	2017 Total
Support and revenue:					
Gross campaign results	\$ 984,086	\$ 13,000	\$ -	\$ 997,086	\$ 1,222,649
Donor designations	(162,791)	-	-	(162,791)	(176,312)
Recovery of (provision for) uncollectible pledges, net	(33,932)	-	-	(33,932)	3,491
Net campaign results	787,363	13,000	-	800,363	1,049,828
Service fees	19,028	-	-	19,028	22,332
Grant revenue:					
Dolly Parton Imagination Library	56,059	-	-	56,059	48,595
Community Diaper Bank	-	20,927	-	20,927	17,521
In-kind contributions (Note 11)	5,123	-	-	5,123	21,221
Special events:					
Award and recognition events	-	-	-	-	5,290
Golf events	15,808	-	-	15,808	21,372
Helping Hands Day	-	1,881	-	1,881	5,250
Goat-A-Gram	456	-	-	456	3,430
Life RU Ready	3,277	-	-	3,277	25,045
Total support and revenue	887,114	35,808	-	922,922	1,219,884
Operating expenses:					
Program services					
Gross funds distributed	593,914	-	-	593,914	595,275
Other program services	212,516	-	-	212,516	220,749
Total program services	806,430	-	-	806,430	816,024
Management and general	100,071	-	-	100,071	107,591
Fundraising	121,297	-	-	121,297	133,888
Total functional expenses	1,027,798	-	-	1,027,798	1,057,503
United Way of America dues	13,694	-	-	13,694	15,322
Total operating expenses	1,041,492	-	-	1,041,492	1,072,825
Changes in net assets from operating activities	(154,378)	35,808	-	(118,570)	147,059
Non-operating income (loss):					
Net realized and unrealized gains					
on investments, net	51,634	-	-	51,634	106,224
Interest and dividend income	45,708	-	-	45,708	50,527
Investment advisory fees	(21,227)	-	-	(21,227)	(20,253)
Net assets released from restrictions	53,747	(53,747)	-	-	-
Total non-operating income (loss), net	129,862	(53,747)	-	76,115	136,498
Changes in net assets	(24,516)	(17,939)	-	(42,455)	283,557
Net assets, beginning of year	1,899,908	61,072	47,085	2,008,065	1,724,508
Net assets, end of year	\$ 1,875,392	\$ 43,133	\$ 47,085	\$ 1,965,610	\$ 2,008,065

The accompanying notes are an integral part of the financial statements.

**United Way of Southwest Wyoming
Statements of Functional Expenses
For the Years Ended June 30, 2018 and 2017**

	Program Services	Management and General	Fundraising	Total 2018	Total 2017
OPERATING EXPENSES					
Community involvement:					
Gross funds distributed	\$ 593,914	\$ -	\$ -	\$ 593,914	\$ 595,275
Payroll and related expenses:					
Salaries and wages	53,300	26,649	53,300	133,249	140,307
Payroll taxes and benefits	14,415	7,207	14,415	36,036	38,722
Total payroll and related expenses	67,714	33,856	67,714	169,285	179,029
Other operating expenses:					
Bank charges	818	409	818	2,046	2,250
Campaign	1,075	3,831	13,930	18,836	18,486
Conferences, training and meetings	532	267	535	1,334	564
Dolly Parton Imagination Library/Targeted Needs	65,479	-	-	65,479	67,635
Equipment rental and maintenance	4,342	2,172	4,342	10,856	10,263
Insurance	1,346	673	1,346	3,365	2,863
Marketing and advertising	2,377	1,188	2,377	5,941	6,062
Membership dues and subscriptions	2,379	1,189	2,379	5,948	5,507
Miscellaneous	298	678	299	1,275	925
Occupancy	13,112	6,556	13,112	32,780	52,340
Office supplies	1,913	956	1,913	4,783	3,487
Organizational development	1,760	880	1,760	4,400	5,870
Other grants	41,489	-	-	41,489	30,360
Other professional fees	-	-	-	-	14,987
Postage	940	470	940	2,350	2,005
Processing and accounting services	-	45,380	-	45,380	33,180
Special events:					
Awards and recognition event	299	137	273	709	5,784
Golf events	-	-	6,703	6,703	5,779
Helping Hands Day	2,849	-	-	2,849	5,121
Telephone	1,454	727	1,454	3,636	4,505
Travel	1,401	701	1,401	3,502	3,298
Total other operating expenses	143,864	66,215	53,582	263,661	281,271
Total operating expenses before depreciation	211,578	100,071	121,297	432,946	460,300
Depreciation	938	-	-	938	1,928
Total operating expenses	212,516	100,071	121,297	433,884	462,228
Total functional expenses	\$ 806,430	\$ 100,071	\$ 121,297	\$ 1,027,798	\$ 1,057,503

The accompanying notes are an integral part of the financial statements.

**United Way of Southwest Wyoming
Statements of Cash Flows
For the Years Ended June 30, 2018 and 2017**

	<u>2018</u>	<u>2017</u>
Cash flows from operating activities:		
Changes in net assets from operating activities	\$ (118,570)	\$ 147,059
Adjustments to reconcile changes in net assets from operating activities to net cash provided (used) by operating activities:		
Depreciation expense	938	1,928
Change in:		
Pledges receivable, net	147,210	(1,816)
Grants and other receivables	1,875	1,606
Accrued interest receivable	-	-
Prepaid expenses	(6,173)	802
Accounts payable	6,032	1,241
Accrued expenses	-	(274)
Distributions payable	(47,487)	(79,421)
Designations payable	(9,586)	(4,339)
Net cash provided (used) by operating activities	<u>(25,761)</u>	<u>66,786</u>
Cash flows from investing activities:		
Changes in investments, net	<u>(124,996)</u>	<u>(39,980)</u>
Net cash used by operating activities	<u>(124,996)</u>	<u>(39,980)</u>
Cash flows from financing activities:		
Cash flows from interest and dividend income	45,708	50,527
Net realized and unrealized gains on investments	51,634	106,224
Investment advisory fees	<u>(21,227)</u>	<u>(20,253)</u>
Net cash provided by investing activities	<u>76,115</u>	<u>136,498</u>
Net increase (decrease) in cash and cash equivalents	(74,642)	163,304
Cash and cash equivalents, beginning of year	<u>375,542</u>	<u>212,238</u>
Cash and cash equivalents, end of year	<u>\$ 300,900</u>	<u>\$ 375,542</u>

The accompanying notes are an integral part of the financial statements.

**United Way of Southwest Wyoming
Notes to Financial Statements
June 30, 2018 and 2017**

1. Organization

United Way of Southwest Wyoming (“the Organization”) was formed in 1978 as a voluntary not-for-profit organization benefiting Southwest Wyoming communities. The mission of the Organization is uniting people, sharing resources and improving lives in Southwest Wyoming. The Organization is governed by a volunteer Board of Directors and solicits donations from the public in Southwest Wyoming and provides grant funding to various social service and not-for-profit agencies. The Organization is headquartered in Rock Springs, Wyoming.

2. Summary of Significant Accounting Policies

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America and the American Institute of Certified Public Accountants’ *Audit and Accounting Guide for Not-for-Profit Organizations*. Under the accrual basis of accounting, revenues are recognized when they are earned and expenses are recognized as incurred.

Accounting Standards Codification (ASC) Topic 605, *Revenue Recognition*, requires that unconditional promises to give (i.e., pledges) be recorded as receivables and revenue and requires the Organization to distinguish between contributions received for each net asset category in accordance with donor-imposed restrictions.

ASC Topic 958, *Not-For-Profit Entities*, establishes standards for external financial statements of not-for-profit organizations. These standards require classification of net assets and revenues, expenses, gains and losses into three categories, based on the existence or absence of donor-imposed restrictions. The categories are unrestricted, temporarily restricted, and permanently restricted (see Note 8). In addition, the Organization is required to present a statement of cash flows.

Recent Accounting Pronouncements

In August 2016, the FASB issued ASU No. 2016-14, which amended ASC Topic 958, *Presentation of Financial Statements of Not-for-Profit Entities*, with the stated purpose of improving financial reporting by not-for-profit entities. Among other provisions, ASU 2016-14 reduces the number of classes of net assets from three to two; requires the presentation of expenses in both natural and functional classifications; requires investment return to be reported net of external and direct internal investment expenses; and eliminates the requirement to prepare a reconciliation in the statement of cash flows when applying the direct method. It also revises the definitions of certain terms, and provides enhanced disclosures, including amounts and purposes of any governing board designations; the composition of net assets with donor restrictions; qualitative and quantitative information on liquid resources and the availability of financial assets to meet cash needs for general expenditures; method(s) used to allocate costs among program and support functions; and underwater endowments. ASU 2016-14 is effective for fiscal years beginning after December 15, 2017. As prescribed by this ASU, the Organization is anticipating a significant impact on the presentation of the financial statements and certain additional disclosures.

**United Way of Southwest Wyoming
Notes to Financial Statements
June 30, 2018 and 2017**

2. Summary of Significant Accounting Policies, Continued

Cash and Cash Equivalents

The Organization considers cash on hand, deposits in banks and other highly liquid investments which have original maturities of three months or less when purchased to be cash equivalents.

Investments

The Organization's investments consist of broker-dealer money market funds, corporate securities, corporate debt obligations, government debt obligations and mutual funds. Investments in debt securities are measured at fair value based on quoted market prices. Gains, losses and income on investments are reported in the Statement of Activities and Changes in Net Assets as non-operating income or loss.

Investment securities are exposed to various interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect amounts reported in the Statement of Financial Position.

Pledges Receivable

Pledges receivable are stated at the amount management of the Organization expects to collect from outstanding balances. Management provides for probable uncollectible amounts through an allowance for uncollectible pledges. Additions to the allowance for uncollectible pledges are based on management's judgment, considering historical write-offs, review of specific past-due accounts, collections and current credit conditions. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the allowance for uncollectible pledges and a credit to the applicable accounts receivable. Payments received on pledges subsequent to being written off are considered bad debt recoveries.

Fixed Assets

Purchased fixed assets are carried at cost. Donated fixed assets, if any, are carried at their estimated fair value at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use, and contributions of cash that must be used to acquire fixed assets, are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor.

Only assets with a cost or value of \$1,000 or greater and a useful life in excess of one year are capitalized as fixed assets. Expenditures for repairs and maintenance that represent betterments or substantially prolong the useful lives of assets are also capitalized. Normal maintenance and repairs are charged to expense as incurred. When assets are sold or otherwise disposed of, the cost and accumulated depreciation are removed from the accounts and any resulting gain or loss is recognized in the Statement of Activities and Changes in Net Assets.

**United Way of Southwest Wyoming
Notes to Financial Statements
June 30, 2018 and 2017**

2. Summary of Significant Accounting Policies, Continued

Fixed Assets, Continued

Depreciation of fixed assets is computed using the straight-line method over the following estimated useful lives:

Office furniture and equipment	5 to 7 years
Interest in condominium	25 years

Donated Services and Supplies

Donated services are recognized as contributions if the services either create or enhance non-financial assets or require specialized skills, which are performed by people with those skills, and would otherwise be purchased by the Organization. Donated supplies are recorded at their estimated fair value when received.

Contributions and Recognition of Donor Restrictions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Contributions of cash and other assets with donor-imposed temporary restrictions, where the restrictions have been satisfied in the same reporting period as received, are reported as increases in unrestricted net assets. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities and Changes in Net Assets as net assets released from restrictions.

Revenue Recognition

Unconditional promises to give (i.e., pledges) are recorded as revenue at their estimated net realizable value. Pledges with payments due in future periods are discounted to their present value. Pledges are also reported net of an allowance for uncollectable pledges. Management's estimate of the allowance is based on historical collection experience and a review of the current status and collections of promises to give.

Conditional promises to give are not included as revenue until the conditions are substantially met or unless the possibility that the condition will not be met is considered to be remote.

Other revenue is recognized when services have been provided and collectability is reasonably assured.

The majority of pledges receivable are received from a broad base of Lincoln, Sublette, Sweetwater and Uinta County contributors as a result of the annual United Way Campaign.

**United Way of Southwest Wyoming
Notes to Financial Statements
June 30, 2018 and 2017**

2. Summary of Significant Accounting Policies, Continued

Functional Expenses

Costs associated with providing the various programs and other activities of the Organization have been summarized in the Statement of Activities and Changes in Net Assets and have been detailed on a functional basis in the Statement of Functional Expenses. Any program expenditures or support costs of the Organization not directly chargeable to a specific program are allocated to the programs based on management policies and estimates and the guidelines outlined in the grants and contracts, if any.

Cost Deduction

United Way Worldwide (UWW) membership requirements state that all local United Ways have a consistent, fair, and understandable methodology for calculating and recovering fundraising, processing, and management and general expenses on designated donations. For the 2018 fiscal year, the Organization used 21% for the designation gift cost recovery, which meets UWW membership requirements.

Valuation of Long-Lived Assets

Management of the Organization periodically reviews the net carrying value of its assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset might not be recoverable. These reviews consider the net realizable value of each asset to determine whether an impairment in value has occurred, and whether there is a need for an asset impairment write-down. Impaired assets are reported at the lower of cost or fair value. No assets were considered to be impaired at June 30, 2018 and 2017.

Financial Instruments

ASC Topic 825, *Financial Instruments*, permits entities to choose to measure many financial assets and liabilities at fair value. The fair value of a financial instrument is the amount at which the instrument could be exchanged in a current transaction between willing parties, other than a forced liquidation sale. At June 30, 2018 and 2017, the carrying value of financial instruments, such as receivables, accounts payable and accrued liabilities, approximated their fair values based on the short-term maturities of these instruments.

Fair Value Measurements

ASC Topic 820, *Fair Value Measurements and Disclosures*, establishes a fair value hierarchy for those assets and liabilities measured at fair value, that distinguishes between assumptions based on market data (observable inputs) and the Organization's own assumptions (unobservable inputs). The hierarchy consists of: Level 1 – quoted market prices in active markets for identical instruments; Level 2 – inputs other than Level 1 inputs that are observable; and Level 3 – unobservable inputs developed using estimates and assumptions determined by the Organization. The inputs and methodology used for valuing the Organization's financial assets and liabilities are not indicators of the risks associated with those instruments.

**United Way of Southwest Wyoming
Notes to Financial Statements
June 30, 2018 and 2017**

2. Summary of Significant Accounting Policies, Continued

Valuation of Long-Lived Assets

At June 30, 2018 and 2017, the only assets or liabilities of the Organization measured at fair value on a recurring basis were investments of \$1,979,408 and \$1,854,412, respectively. All of the investments at June 30, 2018 and 2017 were measured based on Level 1 inputs.

Certain assets are measured at fair value on a nonrecurring basis; that is, the instruments are not measured at fair value on an ongoing basis, but are subject to fair value adjustments only in certain circumstances (for example, when there is evidence of impairment). The Organization had no assets measured at fair value on a nonrecurring basis during 2018 or 2017.

Income Taxes

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and therefore has made no provision for federal income taxes in the accompanying financial statements. However, the Organization is subject to tax on unrelated business income, if any. The Organization had no unrelated business income during 2018 or 2017.

The Organization has not identified any uncertain income tax positions that would jeopardize its tax-exempt status. The Organization's tax returns are subject to possible examination by taxing authorities. With few exceptions, the tax returns essentially remain open for possible examination for a period of three years after the respective filing deadlines of those returns.

Credit Risk

Financial instruments which potentially subject the Organization to concentration of credit risk consist principally of cash and cash equivalents, pledges receivable and investments.

The Organization maintains its cash and cash equivalents with high credit quality financial institutions and generally limits the amount of exposure to any one financial institution. At times, the Organization's cash in bank deposit accounts may exceed federally insured limits. The Organization has not experienced any losses in such accounts and management believes they are not exposed to any significant credit risk on cash and cash equivalents.

Pledges receivable include amounts due from businesses and individuals. Pledges receivable are reported at their estimated net realizable value. The Organization does not require collateral and its receivables are unsecured.

Accounting Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management of the Organization to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Accordingly, actual results could differ from those estimates and affect the amounts reported in the financial statements.

**United Way of Southwest Wyoming
Notes to Financial Statements
June 30, 2018 and 2017**

2. Summary of Significant Accounting Policies, Continued

Subsequent Events

The Organization has evaluated subsequent events through December 3, 2018, the date on which these financial statements were available to be issued. No material subsequent events have occurred since June 30, 2018 that required recognition or disclosure in these financial statements.

3. Cash and Cash Equivalents

Cash and cash equivalents consist of deposits held in checking accounts and a money market account with local banks. As of June 30, 2018, the carrying amount of cash and cash equivalents on the Organization's books was \$300,900, while the combined balance at these banks was \$304,568. The differences between the bank balances and the carrying amount of cash and cash equivalents on the Organization's books consisted of outstanding checks and deposits not processed by the banks as of June 30, 2018.

Custodial credit risk is the risk that in the event of a bank failure, the Organization's deposits may not be returned to it. Deposits held in the checking accounts and money market account at the banks are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 at each bank. At June 30, 2018, all of the Organization's deposits were covered by FDIC insurance.

4. Pledges Receivable

Pledges receivable at June 30, 2018 and 2017 are summarized as follows:

	<u>2018</u>	<u>2017</u>
2017 Campaign	\$ 389,638	\$ --
2016 Campaign	<u> --</u>	<u>543,940</u>
	389,638	543,940
Less allowance for uncollectible pledges	<u>(33,682)</u>	<u>(40,774)</u>
	<u>\$ 355,956</u>	<u>\$ 503,166</u>

5. Property and Equipment

Property and equipment at June 30, 2018 and 2017 are summarized as follows:

	<u>2018</u>	<u>2017</u>
Office furniture and equipment	\$ 27,325	\$ 27,325
Interest in condominium	<u>4,900</u>	<u>4,900</u>
	32,225	32,225
Less accumulated depreciation	<u>(32,132)</u>	<u>(31,194)</u>
	<u>\$ 93</u>	<u>\$ 1,031</u>

Depreciation expense for the years ended June 30, 2018 and 2017 was \$938 and \$1,928, respectively.

**United Way of Southwest Wyoming
Notes to Financial Statements
June 30, 2018 and 2017**

6. Investments

The Organization's investments at June 30, 2018 and 2017 are summarized as follows:

	<u>2018</u>	<u>2017</u>
Unrestricted:		
Money market	\$ 52,874	\$ 39,600
Fixed income	413,159	416,589
Equities	411,697	361,796
Real assets	101,152	89,930
Alternative investments	<u>156,857</u>	<u>142,087</u>
Total unrestricted investments	<u>1,135,739</u>	<u>1,050,002</u>
Board and donor endowment fund:		
Money market	19,867	26,616
Corporate equities	411,882	387,349
Mutual funds	<u>411,920</u>	<u>390,445</u>
Total board and donor endowment fund	<u>843,669</u>	<u>804,410</u>
Total investments	<u>\$ 1,979,408</u>	<u>\$ 1,854,412</u>

7. Distributions and Designations Payable

Distributions payable consist of grant awards from the current-year campaign to be paid quarterly over the next fiscal year.

Designations payable consist of donor-specified donations that are paid on a quarterly basis, up to the amount actually collected. Designations payable at June 30, 2018 and 2017 are summarized as follows:

	<u>2018</u>	<u>2017</u>
2017 Donor choice designations	\$ 60,820	\$ --
2016 Donor choice designations	16,057	75,633
2015 Donor choice designations	<u>--</u>	<u>10,830</u>
	<u>\$ 76,877</u>	<u>\$ 86,463</u>

United Way of Southwest Wyoming
Notes to Financial Statements
June 30, 2018 and 2017

8. Net Assets

Unrestricted Net Assets

Unrestricted net assets include assets not subject to donor-imposed restrictions, either temporary or permanent, and consist of net assets received that are general in nature as to use and operating purposes. Gifts of long-lived assets without donor-imposed stipulations about how long the assets must be used are classified as unrestricted net assets. As of June 30, 2018 and 2017, unrestricted net assets, including Board designated amounts, are summarized as follows:

	<u>2018</u>	<u>2017</u>
Board designated – administrative	\$ 168,994	\$ 168,994
Board designated – program services	191,141	191,141
Board designated – Endowment fund	843,669	804,409
Undesignated net assets	<u>671,588</u>	<u>735,364</u>
Total unrestricted net assets	<u>\$ 1,875,392</u>	<u>\$ 1,899,908</u>

Temporarily Restricted Net Assets

Temporarily restricted net assets include assets subject to donor-imposed time or use restrictions that have not been met at the reporting date. As of June 30, 2018 and 2017, temporarily restricted net assets are summarized as follows:

	<u>2018</u>	<u>2017</u>
Time restriction - future year campaign	\$ 13,000	\$ 13,100
Community diaper bank	17,310	18,109
Life R U Ready event	--	20,767
Uinta County Diaper Bank	4,695	--
Helping hands day	<u>8,128</u>	<u>9,096</u>
	<u>\$ 43,133</u>	<u>\$ 61,072</u>

Permanently Restricted Net Assets

Permanently restricted net assets consist of amounts in the Endowment Trust which must be maintained in perpetuity, in accordance with donors' instructions. Income earned on such funds is unrestricted or temporarily restricted based on donor stipulations. At both June 30, 2018 and 2017, permanently restricted net assets totaled \$47,085.

9. Operating Leases

The Organization leases a copy machine under a non-cancelable operating lease agreement. The lease agreement requires monthly lease payments of \$378 and expires in February 2020. During both 2018 and 2017, annual rent expense under the lease agreement was \$4,536.

**United Way of Southwest Wyoming
Notes to Financial Statements
June 30, 2018 and 2017**

9. Operating Leases, Continued

Prior to August 2017, the Organization leased office space under an operating lease agreement which provided for a monthly rental rate of approximately \$4,513, with scheduled annual increases of two percent. The monthly cash rental payment was capped at \$2,117 per month, with the difference recognized as an in-kind contribution. The Organization was also required to make monthly payments of \$583 for common area maintenance. During August 2017, the Organization entered into a new lease for different office space under a non-cancelable operating lease agreement. The lease agreement provides for a monthly rents of approximately \$1,000 per month, and expires in August 2019.

The rent on the office lease for the years ended June 30, 2018 and 2017 was \$20,800 and \$21,221, respectively. This amount has been recorded as an in-kind contribution in the Statements of Activities and Changes in Net Assets and as occupancy expense in the Statement of Functional Expenses (see Note 11).

Scheduled future minimum lease payments under the leases are as follows:

<u>Year Ending June 30,</u>	<u>Copier</u>	<u>Office</u>
2019	\$ 4,538	\$ 12,000
2020	3,025	2,000

10. Retirement Plan

The Organization has established a retirement plan under Section 403(b) of the Internal Revenue Code. The plan is funded through a combination of employee salary deferrals and employer contributions. Employer contributions for employees are determined by the number of years of employment for each employee as follows:

	<u>Base Salary</u>
First year of employment	3%
Second year of employment	4%
Third year of employment	5%
Fourth year of employment	6%
Fifth year of employment	7%
Sixth year of employment and thereafter	8%

The Organization's contributions to the plan for the years ended June 30, 2018, 2017 and 2016 were \$9,152, \$8,872 and \$15,150, respectively. The expense is included in payroll taxes and benefits in the Statements of Functional Expenses.

**United Way of Southwest Wyoming
Notes to Financial Statements
June 30, 2018 and 2017**

11. In-Kind Contributions

The Organization receives donated merchandise, services, materials and miscellaneous supplies. The value of these goods and services, including rent (see Note 9), totaled \$5,123 and \$21,221 for the years ended June 30, 2018 and 2017, respectively. These amounts have been recorded as in-kind contributions in the Statements of Activities and Changes in Net Assets.

12. Accounting for Uncertain Tax Positions

Accounting principles generally accepted in the United States of America provide guidance related to uncertainties in income taxes recognized in an organization's financial statements, and provides guidance on financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return.

The Organization has evaluated state, federal and foreign tax positions taken in the current year, for which the statute of limitations is still open, and determined that it is more-likely-than-not that each position would be sustained upon examination. Accordingly, management has determined that it does not have any unrecognized tax liabilities or benefits for the year ended June 30, 2018 that need to be recognized in the financial statements.

13. Concentrations

Campaign Pledges

Substantially all of the Organization's pledges receivable, support and revenue are derived from organizations and individuals who reside in Lincoln, Sublette, Sweetwater and Uinta Counties, Wyoming.

During the years ended June 30, 2018 and 2017, campaign pledge revenue and the related pledges receivable from contributors, which exceeded ten percent of the Organization's total current-year gross campaign results, are as follows:

	<u>Pledge Revenue</u>	<u>Pledge Receivable</u>
June 30, 2018:		
Chemical mining company	\$ 166,894	\$ 46,101
Public utility company	152,037	38,034
Mining corporation	121,686	41,110
June 30, 2017:		
Chemical mining corporation	\$ 229,746	\$ 162,909
Public utility company	157,647	109,226
Mining company	252,795	57,336

**United Way of Southwest Wyoming
Notes to Financial Statements
June 30, 2018 and 2017**

14. Endowment Trust

The Organization's Board of Directors has established an Endowment Fund ("the Fund") to enable donors to perpetuate their support of the Organization and sustain the Organization's mission as a vital community resource now and into the future. The Fund is held in a separate account with a local broker-dealer who also serves as the Fund's investment manager. The Fund will:

- Use earnings for programs, community impact and grants;
- Sustain the Organization's operating costs so that more annual contributions are directly distributed to local health and human service providers;
- Supplement annual campaign revenue in order to stabilize community services against fluctuations in annual campaign revenue;
- Enhance the Organization's response to health and human service needs by providing funding to new and priority initiatives;
- Provide the Organization the flexibility needed to fund items that are not possible to fund with annual campaign revenue, as deemed appropriate by the Fund trustees.

A set of objectives and guidelines for investing the assets of the Fund has been adopted. The Organization recognizes that distinct asset classes and investment styles have unique return and risk characteristics and that the combination of asset classes produces diversification benefits.

Total annual distributions can be made up to 5 percent of the fair value of the Fund. If the fair value of the Fund falls below the historical dollar value of gifts to the Fund, only interest and dividends (net of fees) may be distributed in accordance with Wyoming Statute Uniform Management of Institutional Funds Act.

Donor contributions designated to the Fund are classified as permanently restricted. The Organization's Board of Directors has designated certain unrestricted net assets to be a part of the Fund. These amounts are classified as unrestricted in the Statements of Financial Position.

Changes in the Fund for the year ended June 30, 2018 are as follows:

	Unrestricted Board <u>Appropriated</u>	Restricted Donor <u>Contributions</u>	<u>Total</u>
Beginning of year	\$ 757,325	\$ 47,085	\$ 804,410
Investment returns:			
Interest and dividends	15,854	-	15,854
Net realized and unrealized gains	31,103	-	31,103
Advisory fees	<u>(7,698)</u>	<u>-</u>	<u>(7,698)</u>
End of year	<u>\$ 796,584</u>	<u>\$ 47,085</u>	<u>\$ 843,669</u>

**United Way of Southwest Wyoming
Notes to Financial Statements
June 30, 2018 and 2017**

14. Endowment Trust, Continued

Changes in the Fund for the year ended June 30, 2017 are as follows:

	Unrestricted Board <u>Appropriated</u>	Restricted Donor <u>Contributions</u>	<u>Total</u>
Beginning of year	\$ 686,107	\$ 47,085	\$ 733,192
Investment returns:			
Interest and dividends	16,915	-	16,915
Net realized and unrealized losses	61,329	-	61,329
Advisory fees	<u>(7,026)</u>	<u>-</u>	<u>(7,026)</u>
End of year	<u>\$ 757,325</u>	<u>\$ 47,085</u>	<u>\$ 804,410</u>